MASMOVIL IBERCOM, S.A.U.

(incorporated in Spain in accordance with the Spanish Companies Act ("Ley de Sociedades de Capital")

Commercial Paper Programme MASMOVIL 2021
Maximum outstanding balance of € 300,000,000

INFORMATION MEMORANDUM (*DOCUMENTO BASE INFORMATIVO*) ON THE ADMISSION (*INCORPORACIÓN*) TO TRADING OF COMMERCIAL PAPER NOTES (*PAGARÉS*) ON THE ALTERNATIVE FIXED-INCOME MARKET ("MARF")

MASMOVIL IBERCOM, S.A.U., a sole-shareholder public limited company (*sociedad anónima unipersonal*) incorporated under the laws of Spain with registered office at Parque Empresarial Zuatzu, 2 Edificio Easo, 2nd floor, no. 8, Donostia-San Sebastián (Guipúzcoa), registered in the Commercial Registry of Guipúzcoa in volume 2,647, page 214, section 8th, sheet 13,511, with Tax Identification Number A-20609459 and Legal Identifier Code (LEI) number 959800YH56PYMFN7VV80, will request the admission (*incorporación*) to trading of commercial paper notes (the "**Commercial Paper**", the "**Commercial Paper Notes**" or the "**Notes**") that will be issued in accordance with the provisions set out in this Information Memorandum (the "**Information Memorandum**") on the Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*) ("**MARF**"). Except where the context otherwise requires or where otherwise indicated, all references to "**Masmovil**", "**Masmovil Group**", "**Group**", the "**Company**" or the "**Issuer**" refer to Masmovil Ibercom, S.A.U. and its consolidated subsidiaries, except where the context otherwise requires (in particular, please see section "*Presentation of Financial and Other Information*" below.

The Alternative Fixed-Income Market ("**MARF**") is a multilateral trading facility ("**MTF**") in accordance with the terms of Royal Decree-Law 21/2017, of December 29, on urgent measures for adapting Spanish law to the regulations of the European Union in relation to securities markets. This Information Memorandum for the admission to trading of the Commercial Paper Notes is the one required in Circular 2/2018, of December 4, issued by MARF, on admission (*incorporación*) and removal (*exclusion*) of securities on the Alternative Fixed-Income Market (the "**Circular 2/2018**").

Application will be made for the Commercial Paper Notes to be listed on the MARF under this Information Memorandum. The Commercial Paper will be represented by book entries and their accounting record will correspond to the *Sociedad de Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* ("**IBERCLEAR**") which, together with its participating entities, will be responsible for its accounting records (*registro contable*) of the Commercial Paper Notes.

An investment in the Commercial Paper involve certain risks.
Read section 1 of the Information Memorandum on Risk Factors.

MARF has not undertaken any kind of verification or check with regard to this Information Memorandum (Documento Base Informativo), nor on the content of the rest of the documentation and information provided by the Issuer in compliance with the requirements set forth under Circular 2/2018.

The Commercial Paper Notes issued under the Programme will only be addressed to (i) qualified investors as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council, of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"); including (ii) eligible counterparties, as defined in Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "MiFID II") and article 207 of the restated text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (Texto refundido de la Ley del Mercado de Valores aprobado por Real Decreto Legislativo 4/2015, de 23 de octubre) ("Securities Market Act"); and (iii) professional clients, as defined in the Prospectus Regulation, MiFID II and article 205 of the Securities Market, or any provision which may replace or supplement it in the future.

No action has been taken in any jurisdiction to permit a public offering of the Commercial Paper Notes or permit the possession or distribution of the Information Memorandum (Documento Base Informativo) or any other offer material where a specific action is required for said purpose. This Information Memorandum (Documento Base Informativo) must not be distributed, directly or indirectly, in any jurisdiction in which such distribution represents a public offering of securities. This Information Memorandum (Documento Base Informativo) is not a public offering for the sale of securities nor a request for a public offering to purchase securities, and no offering of securities shall be made in any jurisdiction in which such offering or sale would be considered in breach of the applicable legislation. In particular, this Information Memorandum (Documento Base Informativo) does not represent a prospectus approved and registered with the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores) (the "CNMV") and the subscription of the Commercial Paper issued under the program does not represent a public offering pursuant to the provisions set out in Article 34 of the Securities Market Act, which excludes the obligation to approve, register and publish a prospectus with the CNMV.

DEALERS (*ENTIDADES COLABORADORAS EN LA COLOCACIÓN*)
BANCO DE SABADELL, S.A., BANCO SANTANDER, S.A.,
CAIXABANK, S.A., BANCO BILBAO VIZCAYA ARGENTARIA, S.A. and BANCA MARCH, S.A.

PAYING AGENT
BANCO DE SABADELL, S.A.

REGISTERED ADVISOR
BANCO DE SABADELL, S.A.

The date of this Information Memorandum (*Documento Base Informativo*) is November 16, 2021

IMPORTANT NOTICE

Any potential investor should not base its investment decision on information other than (i) the information contained in this Information Memorandum and (ii) the public information of the company available on the websites of the Company (https://www.grupomasmovil.com) and the Commercial Registry of Guipúzcoa (www.rmguipuzcoa.com). None of the Dealers takes any responsibility for the contents of this Information Memorandum or of any public information. The Dealers have entered into several collaboration agreements with the Issuer to place the Commercial Paper but neither the Dealers nor any other entity has accepted any undertaking to underwrite the Commercial Paper Notes. This is without prejudice to the Dealers being able to acquire part of the Commercial Paper Notes in their own name.

There is no guarantee that the price of the Commercial Paper Notes in the MARF will be maintained. There is no assurance that the Commercial Paper Notes will be widely distributed and actively traded on the market because at this time there is no active trading market. Nor is it possible to ensure the development or liquidity of the trading markets for the Commercial Paper Notes.

FORWARD-LOOKING STATEMENTS

This Information Memorandum may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Information Memorandum, including, but without limitation, those regarding our future financial condition, results of operations and business, our products, acquisitions, dispositions and finance strategies, our capital expenditure priorities, regulatory or technological developments in the market, subscriber growth and retention rates, potential synergies and cost savings, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity and credit risk. In some cases, you can identify these statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "project," "should," and "will" and similar words used in this Information Memorandum..

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. We caution readers not to place undue reliance on the statements, which speak only as of the date of this Information Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Information Memorandum include those described under "*Risk Factors*" below.

The following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- the impact of the COVID-19 pandemic on our business and its effect on our customers' behaviour;
- the severe disruptions in Spain and the global economy caused by the spread of the COVID-19 pandemic and the impact on our liquidity and access to capital;
- the high level of competition in the markets in which we operate;
- changes in the economic or political environment in Spain;

- the risks associated with operating a capital-intensive business;
- our ability to secure spectrum;
- our ability to successfully complete acquisitions and the risks associated with those acquisitions;
- the possibility of competition authorities delaying or preventing acquisitions;
- our reliance on demand for fixed, mobile and broadband products, as well as bundled and premium offerings;
- the increasing operating costs and inflation risks in the telecommunications industry;
- our reliance on network sharing agreements and third-parties for the maintenance of our infrastructure;
- our ability to maintain existing network infrastructure or install new network infrastructure;
- our dependence on our relationship with certain key partners and providers of hardware and software;
- failures in our IT and network infrastructure systems;
- our ability to keep pace with technological changes and evolving industry standards;
- failure to provide access to mobile phone financing;
- the risk of potential liability for the content hosted on our infrastructure;
- our participation in unfavourable contracts;
- the risks of natural disasters, fire, power outages and other catastrophic events;
- our ability to attract and retain key personnel;
- our ability to comply with applicable data protection laws and policies;
- our ability to maintain our distribution and customer care channels;
- the possible health risks of antenna sites and the use of mobile telephones;
- the extent to which our business operations are protected by intellectual property rights;
- our potential lack of valid licenses for, or rights to use, parts of our network;
- our compliance with third-party intellectual property rights;
- the impact of legal proceedings on our business;
- the level of governmental regulation and supervision applicable to our business;
- the impact of changes to tax legislation on our business;
- risks relating to the recent acquisition of Euskaltel, S.A. and its subsidiaries; and
- other factors related to our indebtedness and financial information, the Commercial Paper Notes and our structure described in more detail under "*Risk Factors*."

The telecommunications industry is changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Information Memorandum are subject to a significant degree of risk.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Information Memorandum.

We disclose important factors that could cause our actual results to differ materially from our expectations in this Information Memorandum. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, financial and other conditions, results of operations and the Issuer's ability to make payments under the Commercial Paper Notes.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive, and should be read in conjunction with other factors that are included in this Information Memorandum. See "*Risk Factors*" at section 1 below and "*Description of Our Business*" at section 2.4. below for a more complete discussion of the factors that could affect our future performance and the markets in which we operate. All forward-looking statements should be evaluated in light of their inherent uncertainty.

We operate in a competitive and rapidly changing environment. New risks, uncertainties and other factors may emerge that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Except as required by law or the rules and regulations of any exchange on which our securities are listed, we expressly disclaim any obligation or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Information Memorandum to reflect any change in our expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Information Memorandum is based.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated or the context otherwise requires, references to "**IFRS**" herein are to International Financial Reporting Standards as adopted by the European Union.

Historical Financial Information of Masmovil and Lorca JVco

The historical consolidated financial information presented in this Information Memorandum for the years ended December 31, 2018 and 2019, the nine months ended September 30, 2020 and the six months ended June 30, 2020 is that of the Issuer and its subsidiaries (the "**Masmovil Group**").

In this regard, it is important to note the acquisition of 86.41% of the shares representing the Issuer's share capital were acquired by Lorca Telecom Bidco, S.A. ("**Lorca Bidco**") was completed on September 22, 2020, pursuant to a public tender offer (*oferta pública de adquisición*) as at that time the Issuer was a corporation listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges (the "**Masmovil Acquisition**"). Lorca Bidco is an entity that was incorporated by the following funds: (i) the Seventh Cinven Fund ("**Cinven**"); (ii) the funds and vehicles managed or advised by Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"); and (iii) PEP VII-A International Ltd and PEP VIII International Ltd ("**Providence**" and together with Cinven and KKR, the "**Sponsors**"). For further details on the Masmovil Acquisition and the Issuer's shareholding structure, please see section 2.7. (*The Masmovil Acquisition and new shareholding structure*) below.

Following the completion of the Masmovil Acquisition and effective from October 1, 2020, we changed our consolidation perimeter from Masmovil to Lorca JVco Limited ("**Lorca JVco**" or "**JVco**"), which is a private limited company incorporated under the laws of England and Wales that indirectly owns 100% of the shares in Masmovil (see structure chart at section 2.7.2. (*Current shareholding structure and the Sponsors*) below, and, therefore, for subsequent reporting periods we prepared our consolidated financial results at the level of Lorca JVco.

Accordingly, the historical consolidated financial information presented in this Information Memorandum for the period from March 4, 2020 (that is, the date of Lorca JVco's incorporation) to December 31, 2020 and the six months ended June 30, 2021 is that of Lorca JVco and its subsidiaries (including the Issuer of the Commercial Paper Notes).

In this regard, it must be noted that Lorca JVco was incorporated on March 4, 2020 for the purposes of facilitating the Masmovil Acquisition. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries (comprised of Lorca Holdco Limited, Lorca Bidco and Lorca Finco Plc) had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation.

The consolidated statement of comprehensive income data, consolidated statement of financial position data and consolidated statement of cash flow data presented in this Information Memorandum are derived from:

(i) (a) the English translation of the Spanish-language originals of the audited consolidated annual accounts of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the year ended December 31, 2019 and the English-language original audited consolidated interim financial statements for the nine months ended September 30, 2020, including the accompanying notes thereto, which have been prepared in accordance with IFRS as adopted by the European Union and which have been audited by KPMG Auditores, S.L.; and (b) the audited consolidated accounts of Lorca JVco as of and for the short financial year from Lorca JVco's incorporation on March 4, 2020 to December 31, 2020 (which consolidates the results of operations of Masmovil Group's business from October 1, 2020), including the accompanying notes thereto, which have been prepared in accordance with international accounting standards in conformity with the requirements of the UK Companies Act 2006 and the applicable legal requirements of the UK Companies Act 2006 and which have been audited by KPMG LLP (together, the "**Audited Consolidated Financial Statements**"); and

(ii) (a) the English translation of the Spanish-language originals of the unaudited condensed consolidated interim financial statements of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the six months ended June 30, 2020, including the accompanying notes thereto, which have been prepared in accordance with IAS 34 Interim Financial Reporting, and (ii) the unaudited condensed consolidated interim financial statements of Lorca JVco as of and for the six months ended June 30, 2021, including the accompanying notes thereto, which have been prepared in accordance with international accounting standards in conformity with the requirements of the UK Companies Act 2006 and the applicable legal requirements of the UK Companies Act 2006 (together, the "**Condensed Consolidated Interim Financial Statements**" and, together with the Audited Consolidated Financial Statements, the "**Historical Consolidated Financial Information**").

(iii) The Spanish-language originals of the audited consolidated annual accounts of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the year ended December 31, 2019 and of the unaudited condensed consolidated interim financial statements of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the six months ended June 30, 2020 are hereby incorporated by reference in this Information Memorandum and can be found on https://www.grupomasmovil.com/informacion-economica-y-financiera/memorias-anuales.

The information incorporated by reference into this Information Memorandum is limited to that information for which English language translations are provided elsewhere in this Information Memorandum and, for the avoidance of doubt, shall not include information which has not been audited or reviewed by KPMG Auditores, S.L.

The historical consolidated financial information of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the year ended December 31, 2018, presented in this Information Memorandum is derived from the prior-year comparative figures included in the English translation of the Spanish-language originals of the Audited Consolidated Financial Statements of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the year ended December 31, 2019 (the "**2019 Audited Consolidated Financial Statements**").

Effective from January 1, 2019, we adopted IFRS 16 (*Leases*) and (i) restated certain historical consolidated financial information as of and for the year ended December 31, 2018 included in the 2019 Audited Consolidated Financial Statements, (ii) reclassified certain financial information as of and for the year ended December 31, 2018, as well as (iii) revised the provisional values disclosed in the audited consolidated annual accounts of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the year ended December 31, 2018 related to the acquisition of The Bymovil Spain, S.L.U. These changes were included in the 2019 Audited Consolidated Financial Statements, but we did not separately restate the audited consolidated financial statements as of and for the year ended December 31, 2018. For these reasons, the audited consolidated financial statements of the Issuer (i.e. Masmovil Ibercom, S.A.U.) as of and for the year ended December 31, 2018 have not been included in this Information Memorandum. The 2019 Audited Consolidated Financial Statements were originally approved by the Issuer's board of directors on February 27, 2020. Thereafter, in connection with the assessment of fair value allocation pursuant to the acquisition of Carrier-E Mobile, S.L.U., we revised the 2019 Audited Consolidated Financial Statements. The revision resulted in an adjustment to the provisional values disclosed in the 2019 Audited Consolidated Financial Statements, including in relation to deferred tax assets and unfavourable contracts as well as goodwill resulting from business combinations.

Upon completion of the Masmovil Acquisition and effective from October 1, 2020, the consolidated financial statements of Lorca JVco began consolidating the results of the Masmovil Group. The historical aggregated financial information for the year ended December 31, 2020 supplementarily presented herein on a non-IFRS basis is therefore calculated by aggregating (i) the historical audited consolidated financial information of the Masmovil Group for the nine months ended September 30, 2020; and (ii) the historical audited consolidated financial information of Lorca JVco and its subsidiaries for the period from March 4, 2020 (the date of Lorca JVco's incorporation) to December 31, 2020 which, as mentioned above, includes the results of the Masmovil Group from October 1, 2020 (the "**Aggregated Financial Information**").

The historical audited consolidated financial information of Lorca JVco and its subsidiaries has a different accounting basis to the historical audited consolidated financial information of the Masmovil Group as a result of fair value accounting applied at the Masmovil Acquisition date as required by IFRS. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries (comprised of Lorca Holdco Limited, Lorca Bidco and Lorca Finco Plc) had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation. The Aggregated Financial Information has not been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

The Historical Consolidated Financial Information of Lorca JVco presented in this Information Memorandum includes the results of operations and financial position of Lorca JVco. However, there are no material differences between (a) the results of operations and financial position of Lorca JVco as of and for the short financial year from Lorca JVco's incorporation on March 4, 2020 to December 31, 2020 and the six months ending June 30, 2021; and (b) the results of operations and financial position of the Issuer for the same periods. The differences primarily related to certain non-material expenses incurred in connection with the Masmovil Acquisition as well as certain other non-material operating expenses. We believe that the relevant Historical Consolidated Financial Information, subject to the non-material differences noted above, adequately reflects our consolidated financial results and financial position for the applicable periods.

Accordingly, references to the "**Group**" "**we**" "**our**" and "**us**" in the context of the Historical Consolidated Financial Information or other financial information for the periods prior to October 1, 2020 relate to Masmovil Ibercom, S.A.U. and its subsidiaries, and from and after October 1, 2020, relate to Lorca JVco and its subsidiaries.

In addition, the statement of financial position data of Lorca JVco as of December 31, 2020 presented herein was revised in connection with the completion, in the first six months of 2021, of our assessment of the fair values of the acquisition of certain telecommunications operators of the Ahimas Group (as this term is defined in section 2.3. (*Group's structure chart*) below), which resulted in an adjustment to the provisional values disclosed in the Historical Consolidated Financial Information as of December 31, 2020.

For further information, please see Notes 2(c) and 3.2(a) in the Condensed Consolidated Interim Financial Statements for the six months ended June 30, 2021 attached to this Information Memorandum as **Schedule 2**.

The preparation of financial statements in conformity with IFRS as adopted by the European Union and international accounting standards in conformity with the requirements of the UK Companies Act 2006 and the applicable legal requirements of the UK Companies Act 2006, as applicable, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our financial statements are disclosed in the Historical Consolidated Financial Information.

Historical Financial Information of the Euskaltel Group

The historical consolidated statement of comprehensive income data, consolidated statement of financial position data and consolidated statement of cash flow data of Euskaltel, S.A. ("**Euskaltel**") and its subsidiaries (including Euskaltel, the "**Euskaltel Group**") presented in this Information Memorandum are derived from the English translation of the Spanish-language originals of:

(i) the audited consolidated annual accounts of Euskaltel as of and for each of the years ended December 31, 2018, 2019 and 2020, including the accompanying notes thereto, and which have been prepared in accordance with IFRS as adopted by the European Union and which have been audited by KPMG Auditores, S.L. (together, the "**Euskaltel Audited Consolidated Financial Statements**"); and

(ii) the unaudited condensed consolidated interim financial statements of Euskaltel as of and for the six months ended June 30, 2021, including the accompanying notes thereto, and which have been prepared in accordance with IAS 34 Interim Financial Reporting (together, the "**Euskaltel Condensed Consolidated Interim Financial Statements**" and, together with the Euskaltel Audited Consolidated Financial Statements, the "**Euskaltel Historical Consolidated Financial Information**").

The Spanish-language originals of the Euskaltel Historical Consolidated Financial Statements are hereby incorporated by reference in this Information Memorandum and can be found on https://www.euskaltel.com/CanalOnline/inversores/informacion-financiera.

The information incorporated by reference into this Information Memorandum is limited to that information for which English language translations are provided elsewhere in this Information Memorandum and, for the avoidance of doubt, shall not include information which has not been audited or reviewed by KPMG Auditores, S.L.

Non-IFRS Measures

This Information Memorandum contains certain financial measures and ratios (the "**Non-IFRS Measures**"), including, among others, EBITDA, Adjusted EBITDA, Euskaltel Group EBITDA, Euskaltel Group Adjusted EBITDA, Adjusted EBITDA Margin, Recurrent Unleveraged Cash Flow, Cash Flow Available for Debt Service (pre-growth), Cash Flow Available for Debt Service (before tax) and Aggregated Financial Information that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards.

We present the Non-IFRS Measures because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-IFRS Measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, the Euskaltel Group's or any of our subsidiaries' operating results as reported under IFRS or any other generally accepted accounting standards.

The Non-IFRS Measures may also be defined differently than the corresponding terms governing our indebtedness. The Non-IFRS Measures and ratios, such as EBITDA, Adjusted EBITDA, Euskaltel Group EBITDA, Euskaltel Group Adjusted EBITDA, Adjusted EBITDA Margin, Recurrent Unleveraged Cash Flow, Cash Flow Available for Debt Service (pre-growth), Cash Flow Available for Debt Service (before tax) and Aggregated Financial Information are not measurements of our, any of our subsidiaries' or the Euskaltel Group's, performance or liquidity under IFRS or any other generally accepted accounting principles. In addition, the presentation of these Non-IFRS Measures is not intended to, and does not comply with, the reporting requirements of the CNMV or any other regulatory body under any jurisdiction and will not be subject to review by the CNMV or any other regulatory body under any jurisdiction. Therefore, investors should not place undue reliance on the Non-IFRS Measures.

In particular, any prospective investor in the Commercial Paper Notes should not consider any Non-IFRS Measures as a substitute for (a) operating profit or profit for the relevant period (as determined in accordance with IFRS) or as a measure of our, any of our operating entities' or the Euskaltel Group's, operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, any of our subsidiaries' or the Euskaltel Group's, ability to meet our liquidity requirements or (c) any other measures of performance under IFRS or other generally accepted accounting standards. In particular, EBITDA, Adjusted EBITDA, Euskaltel Group EBITDA, Euskaltel Group Adjusted EBITDA, Adjusted EBITDA Margin, Recurrent Unleveraged Cash Flow, Cash Flow Available for Debt Service (pre-growth) and Cash Flow Available for Debt Service (before tax) have certain limitations as analytical tools, including but not limited to:

– they do not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;

– they do not reflect changes in, or cash requirements for, working capital needs;

– they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments;

– although depreciation, amortization and impairment are non-cash charges, the assets being depreciated, amortized and those which are impaired will generally need to be replaced in the future; and

– some of the non-recurring items that we, our operating entities or the Euskaltel Group eliminate in calculating EBITDA, Adjusted EBITDA, Euskaltel Group EBITDA, Euskaltel Group Adjusted EBITDA, Adjusted EBITDA Margin, Recurrent Unleveraged Cash Flow, Cash Flow Available for Debt Service (pre-growth) and Cash Flow Available for Debt Service (before tax), as applicable, reflect cash payments that were made, or will in the future be made.

Any prospective investor in the Commercial Paper Notes should compensate for these limitations by relying primarily on the Historical Consolidated Financial Information and using these Non-IFRS Measures only supplementally to evaluate our performance. See "*Risk Factors—Risks Relating to Our Indebtedness and Financial Information—This Information Memorandum includes certain non-IFRS financial measures calculated using management estimates or projections and they should not be relied upon in isolation when making an investment decision.*"

As a result of certain acquisitions and disposals that our Group has consummated during the periods presented in this Information Memorandum, and the intra-year timing of such acquisitions and disposals, the comparability of the Historical Consolidated Financial Information or the Euskaltel Historical Consolidated Financial Information over each of such periods may be limited. Unless otherwise specified, the Historical Consolidated Financial Information or the Euskaltel Historical Consolidated Financial Information do not give pro forma effect to the acquisitions and disposals that we have consummated during the periods presented in this Information Memorandum, or to any acquisitions and disposals occurring after June 30, 2021.

The Historical Consolidated Financial Information, the Euskaltel Historical Consolidated Financial Information and the Aggregated Financial Information mentioned above do not indicate results that may be expected for any future period.

In making an investment decision, any prospective investor in the Commercial Paper Notes must rely upon its own examination of the terms of this Information Memorandum and the financial information contained in and incorporated by reference in this Information Memorandum. Any prospective investor should consult its own professional advisors for an understanding of the differences between IFRS and Spanish GAAP (or GAAP under any other jurisdiction) and how those differences could affect the financial information contained in and incorporated by reference in this Information Memorandum.

Adjusted Financial Information

We also present in this Information Memorandum certain unaudited financial information of our Group (a) adjusted to give effect to the Erik Transactions (as this term is defined below), and (b) further adjusted to give effect to the Netco Asset Disposal (as this term is defined in section 2.9.3. below), in each case, including the use of proceeds therefrom, and as if they had occurred on June 30, 2021 for the consolidated statement of financial position data and on January 1, 2021 for our consolidated income statement data, including the impact on cash position, amount of debt and interest expense (the "**Adjusted Financial Information**").

The defined term "**Erik Transactions**" refers to (i) the completion of the acquisition of Euskaltel (the "**Euskaltel Acquisition**") pursuant to the Public Tender Offer and the Euskaltel Acquisition Squeeze-out (as these terms are defined and described in section 2.9.1. below), (ii) the entry into (x) the amendment and restatement of the Senior Long-Term Facilities Agreement to provide for the Facility B2 and the RCF2 (as these terms are defined in section 2.9.1. below), (y) the 2021 Bridge Facilities Agreements (as this term is defined in section 2.9.1. below), and (z) the Asset Bridge Facility Agreement (as this term is defined in section 2.10.4. below), and the drawdown of each of the abovementioned facilities and the use of proceeds therefrom, including for the Euskaltel Refinancing (as this term is defined in section 2.9.1. below) and the funding of the Euskaltel Acquisition consideration, (iii) the issuance of the New Long-Term Notes and the use of proceeds therefrom, (iv) the amendment and/or restatement of the Senior Long-Term Facilities Agreement to provide for the Incremental Facility B2 (as defined in section 2.10.3. below), and the drawdown and use of proceeds thereof, and (v) the payment of any costs, fees and expenses in relation with the foregoing transactions or any other transactions in connection with any of the foregoing transactions or incidental thereto, as further described in section 2.9. (*The Erik Transactions and Recent Developments*) below.

The Adjusted Financial Information is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements or IFRS or any other generally accepted accounting principles. The Adjusted Financial Information is based upon available information and certain assumptions that we believe are reasonable under the circumstances. The assumptions underlying the Adjusted Financial Information have not been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration. The Adjusted Financial Information is not prepared in the ordinary course of our financial reporting. The Adjusted Financial Information is presented for informational purposes only and does not purport to represent what our results of operations or financial condition would have been had the Erik Transactions or the Netco Asset Disposal actually occurred on the date indicated, and they do not purport to project the results of operations or financial condition for any future period or as of any future date. Moreover, as of the date of this Information Memorandum, we have not entered into any contractual arrangements relating to the Netco Asset Disposal and there is therefore no certainty that we will be able to consummate such transaction within the time frame or on the terms that we currently expect, or at all.

The Adjusted Financial Information should be read in conjunction with the information contained in "*Summary—Summary Historical Financial Information and Other Data—Adjusted Financial Information*," "*Capitalization*," "*Selected Historical Financial Information*" as well as the Historical Consolidated Financial Information and accompanying notes thereto appearing elsewhere in this Information Memorandum. See also "*Risk Factors—Risks Relating to Our Indebtedness and Financial Information—We might be unable to enter into contractual arrangements in relation to the Netco Asset Disposal, or complete it within the time frame or on the terms that we currently expect, or at all.*"

Accounting for the Euskaltel Acquisition

The acquisition of Euskaltel and its subsidiaries (as defined above, the "**Euskaltel Acquisition**"), as described under section 2.9. (*The Erik Transactions and Recent Developments*) below, consisted of a cash public tender offer from a wholly-owned subsidiary of the Issuer named Kaixo Telecom, S.A.U. ("**Kaixo Telecom**" or the "**Bidder**") for all shares in Euskaltel, pursuant to which Kaixo Telecom acquired 97.67% of the shares in Euskaltel on August 10, 2021, followed by a squeeze-out which was settled on August 31, 2021 (the "**Acquisition Squeeze-out**"). Following the completion of the Euskaltel Acquisition Squeeze-out, Euskaltel became an indirect wholly owned subsidiary of the Issuer.

For reporting periods following the completion of the Euskaltel Acquisition, our Group will prepare consolidated financial statements in accordance with UK-adopted international accounting standards and will account for the Euskaltel Acquisition applying IFRS 2 "*Share-based Payments*" and IFRS 3 "*Business Combination*" as an accounting policy election applicable to joint ventures upon formation.

Under IFRS 3, the cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred and the equity interests issued by the acquirer, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair market values at the acquisition date. The excess of the consideration transferred over the fair value of the acquirer's share of the identifiable net assets acquired is recorded as goodwill.

The valuation studies necessary to determine the fair value of the assets acquired and liabilities assumed as a result of the Erik Transactions and the related allocation of the consideration transferred has not yet commenced. Therefore, the difference between (a) the total consideration expected to be transferred and (b) the net carrying amounts of the identifiable assets acquired and the liabilities assumed by Lorca JVco on the completion date of the Euskaltel Acquisition have been preliminarily allocated to customer relations, trademarks, property, plant and equipment, cost of obtaining contracts with customers, unfavourable contracts, deferred tax liabilities and goodwill.

There may be material changes in the amount of goodwill recognized in relation to the Euskaltel Acquisition once the final determination of the acquisition accounting is made, which could result in a material change in our amortization and depreciation expense relating to identifiable assets acquired.

Rounding

Certain numerical figures set out in this Information Memorandum, including financial information presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Information Memorandum may vary from the actual arithmetic totals of such information. In this Information Memorandum, percentages and amounts reflecting changes over time periods relating to financial and other information are calculated using the rounded numerical data included in this Information Memorandum and not the numerical data in the Historical Consolidated Financial Information or the relevant entity's internal accounting system. With respect to financial information set out in this Information Memorandum, a dash ("—") signifies that the relevant figure is not applicable for such period, zero or rounded to zero.

PRODUCT GOVERNANCE RULES UNDER MIFID II. THE TARGET MARKET WILL ONLY BE ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS.

Exclusively for the purposes of the approval of the Commercial Paper Notes as financial instruments or "product" (process to be carried out by each manufacturer, following the assessment of the target market for the Commercial Paper), it has been concluded that: (i) the target market for the Commercial Paper is "**eligible counterparties**" and "**professional clients**" only, as each of these terms is defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EC (as amended from time to time, "**MiFID II**"), and (ii) all channels of distribution of the Commercial Paper to eligible counterparties and professional clients are appropriate.

Any person who, after the initial placement of the Commercial Paper, offers, sells, places, recommends or otherwise makes available the Commercial Paper (for these purposes, a "**distributor**") shall consider the manufacturer's target market assessment. However, any distributor subject to MiFID II is responsible for carrying out its own target market assessment in respect of the Commercial Paper (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PROHIBITION ON SELLING TO RETAIL INVESTORS

The Commercial Paper is not intended to be offered, sold or made available in any other way, nor should it be offered, sold or made available, to retail investors in the European Economic Area (the "**EEA**").

For these purposes, "**retail investor**" means a person who meets either or both of the following definitions:

(i) "retail client" within the meaning of section (11) of article 4(1) of MiFID II, and "**client**" having the meaning of Directive 2002/92/EC, provided that the relevant person cannot be classed as a professional client based on the definition contained in section (10) of article 4(1) of MiFID II; or

(ii) "retail client" according to the implementing legislation of MIFID II in any Member State of the EEA (in particular, in Spain, according to the definition of article 204 of the Securities Market Act and its implementing legislation).

Accordingly, no key information document required by Regulation (EU) No. 1286/2014 of the European Parliament and the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (as amended from time to time, the "**PRIIPs Regulation**"), has been prepared for the purposes of offering or selling the Commercial Paper or otherwise making the Commercial Paper available to retail clients in the EEA and therefore such activities may be unlawful pursuant to the provisions of the PRIIPs Regulation.

In the United Kingdom, this document and the Commercial Paper would only be distributed to, and are intended for, and any investment and investment activity in the Commercial Paper referred to in this document is available only to, and will be subscribed to only by, "**qualified investors**", as defined in section 86(7) of the Financial Services and Markets Act 2000 (i) who are persons with professional experience in matters relating to investments falling within the definition of "investment professionals" in section 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) who are high net worth entities within section 49(2)(a) to (d) of the Order (together, all such persons shall be described as "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this communication document and should not act on or rely on it.

The Commercial Paper have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction in the United States of America. The Commercial Paper may not be offered, sold, exercised or otherwise transferred in the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States of America. There is no intention to register any Commercial Paper in the United States or to make an offer of any securities in the United States.

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BASE INFORMATION MEMORANDUM
(*DOCUMENTO BASE INFORMATIVO*)
ON THE ADMISSION TO TRADING OF COMMERCIAL PAPER (*PAGARÉS*)

1. RISK FACTORS

An investment in the Commercial Paper Notes involves risks. Before purchasing the Commercial Paper Notes, you should consider investing in these Notes involves substantial risks. Investors should carefully consider the risks and uncertainties described below, together with the other information contained in the Information Memorandum, before making any investment decision with respect of the Notes. The risks described below may not be the only risks the Company and our Group face. Only those risks that the Company as Issuer currently considers to be material are described and there may be additional risks that the Issuer does not currently consider to be material or of which the Issuer is not currently aware. Any of the following risks and uncertainties could have a material adverse effect on the Group's business, prospects, results of operations and financial condition. Each of the risks highlighted below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. Prospective investors should read the entire Information Memorandum, including its Schedules.

The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the Issuer's business, prospects, results of operations and financial condition.

1.1. Risks relating to our Business and Industry

The impact of the COVID-19 pandemic on our business is uncertain and its effect on the Spanish economy and our customers' behaviour constitutes a threat to our business, operating results, financial condition and prospects.

Since the outbreak of the COVID-19 pandemic, governments of many countries, including Spain, have taken preventative measures to try to contain its spread. These measures have included mandatory closure of businesses, social distancing requirements and travel restrictions, which have severely diminished the level of economic activity around the world and in Spain and have caused significant volatility in financial markets and triggered a period of global economic slowdown, the extent and duration of which are currently uncertain.

In Spain, according to Bloomberg, Spanish gross domestic product ("**GDP**") declined by 5.2% during the first quarter of 2020 and by 18.5% during the second quarter of 2020 as a result of the initial outbreak of the COVID-19 pandemic, in each case, compared to the respective period in 2019.

The COVID-19 pandemic and the multiple waves of infections that have been recorded have severely impacted the economies of the European Union, including Spain. In particular, the World Bank has registered a contraction for the Euro area's real GDP of 7.4% in 2020 and forecasts a deeper impact on those economies dependent on international trade or tourism (source: World Bank, Global Economic Prospects January 2021). In Spain, employment was negatively impacted, causing nationwide employment and household spending to fall significantly. The Bank of Spain registered a contraction of the Spanish economy of 10.8% in 2020 (source: Bank of Spain, June, 2021) and has projected a rebound of the Spanish economy in 2021, with a projected GDP growth of 6.2% in such year compared to the previous one. The annual average unemployment rate is expected to be 15.6% in 2021.

As regards the main regions where Euskaltel and its wholly-owned subsidiary R Cable y Telecable Telecomunicaciones, S.A.U. ("**R Cable y Telecable**") operate, the Basque economy followed a similar pattern as the broader Spanish economy, with a GDP decrease of 9.5% in 2020 (source: *Euskal Estatistika Erakundea – Instituto Vasco de Estadística*). Moreover, unemployment in the Basque Country was 11.4% in the fourth quarter of 2020 (source: *Euskal Estatistika Erakundea – Instituto Vasco de Estadística*). The economy also followed a similar negative pattern in Galicia in 2020 with a GDP decrease of 8.9%, and unemployment rate in the fourth quarter of 2020 peaking at 11.7% (sources: *Instituto Galego de Estatística and Autoridad Independiente de Responsabilidad Fiscal*). Economic slowdown due to further waves of COVID-19 may result in additional or more drastic preventive measures being imposed, which in turn may result in further declines in consumer disposable income and spending, as well as consumer confidence and increases in customer payment defaults and bad debt in respect of both our business and retail customers, which may adversely impact our business, operating results, financial condition and prospects.

On March 15, 2020, the Spanish government ordered the closure of all commercial and retail businesses in Spain and, in compliance with this directive, we closed all our shops and public retail outlets through which we sell our hardware and services, impacting our sales of hardware and in-store top-ups. Although our Euskaltel, Telecable, R Cable, Yoigo and MASlife stores have progressively reopened and most of these measures have been lifted at both a local and national level, pursuant to Royal Decree 926/2020 of October 25, the regions of Spain have been granted powers by the Spanish government to impose similar restrictions, which have been implemented since October 2020, resulting in non-essential establishments being closed in many regions, from time to time, as well as movement restrictions, which have had an impact in the general financial condition of the companies and workforce in Spain.

In addition, the Spanish government has prescribed detailed guidelines to maintain social distancing and to increase sanitation and hygiene in shops and outlets and other mitigating measures in order to prevent the spread of COVID 19, which may impact our ability to carry out our business and operations at normal capacity. These and similar measures may also delay the completion of our capital or infrastructure construction projects and other operations and maintenance activities, which could result in a material adverse effect on our business, financial condition, results of operations and prospects. See "*—The continuity of our services strongly depends on the proper functioning of our IT and network infrastructure and any failure of this infrastructure could have a material adverse effect on our business*." Furthermore, the Spanish government temporarily imposed COVID-19-related restrictions prohibiting mobile and fixed number portability, a key element of our growth strategy, and preventing telecommunications operators from cutting off their services to customers who default on their bills. The negative impact of these measures on our business was partially offset by a correlated decrease in churn rates, as some of our customers were tied to our services for the duration of the restrictions. As of April 1, 2020, the Spanish government lifted the restriction on mobile number portability and as of May 26, 2020, the Spanish government lifted the restriction on fixed number portability. As of June 21, 2020, upon the termination of the state of alarm in Spain, the prohibition for telecommunications operators to cut off their services to customers who default on their bills was also lifted.

While we believe our operations are currently in compliance with applicable guidance, if customers perceive our implementation of these measures to be inadequate or ineffective, we may experience lower than expected activity at the franchise stores and outlets or suffer damage to our reputation, which could have a significant adverse effect on our business. In addition, our customers' ability or desire to visit our physical premises may remain weak for a significant length of time. This will affect sales of hardware such as handsets, tablets and other accessories and other in-store purchases such as top-ups, and will also impede our ability to capture new customers, in particular in the prepaid segment. Furthermore, the self-isolation measures imposed by the Spanish government in order to combat COVID-19 have resulted in a considerable increase in internet traffic and a correlated decrease in mobile services usage, as customers rely on Voice Over Internet Protocol ("**VoIP**") and "over-the-top" telecommunications services provided via the internet (such as television and video streaming) that are provided separately from the end user's internet service ("**OTT services**") as a substitute for traditional voice and messaging services while gatherings are prohibited and residents are advised to stay at home. Lastly, the severe national and international travel restrictions implemented in order to contain the COVID-19 pandemic spread have also contributed to reducing the level of economic activity in Spain, including tourism (a significant contributor to the Spanish economy), which could negatively impact our retail sales, including revenue from roaming services that have decreased as a consequence of travel restrictions, as well as consumer confidence, investment by business and the Spanish economy more broadly, which could in turn adversely affect our sales to both residential and business customers across channels.

We cannot predict if and when customer spending and domestic travel will return to pre-COVID-19 levels, and any of these factors may adversely affect our ability to conduct our business on the same terms as we did prior to the COVID-19 pandemic.

Since our founding in 2006, we have grown rapidly, including through the recent Euskaltel Acquisition, to become one of the largest telecommunications services providers in Spain and we continue to pursue a growth strategy to improve our business, financial condition and results of operations. The impact of the COVID-19 pandemic, including higher unemployment rates, decreased customer confidence and decreased consumer spending, could result in our failure to achieve our historical growth rates. The full impact of the pandemic on our business remains uncertain and will ultimately depend on a number of factors that cannot be accurately predicted at this time, including, but not limited to, the duration (including the extent of any resurgence in the future) and severity of the COVID-19 pandemic, the timing of and manner in which containment efforts are reduced or lifted, the timing and ability of vaccination and other treatments to combat COVID-19, the duration and magnitude of its impact on unemployment rates and consumer discretionary spending, the length of time it takes for demand and pricing to return to pre-COVID-19 levels and for normal economic and operating conditions to resume, which are all beyond our knowledge and control.

Moreover, there are no comparable recent events that provide us with guidance. For these reasons, we cannot reasonably estimate the ultimate impact of COVID-19 on our business with any certainty nor can we provide any assurance that COVID-19 will not have a material adverse effect on our business, financial condition, results of operations and prospects.

To the extent COVID-19 adversely affects our business, financial condition and results of operations, it may also have the effect of heightening other risks described in this "*Risk Factors*" section, including those relating to our significant levels of debt, our ability to generate sufficient cash flows to fund our debt obligations, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

The spread of the COVID-19 pandemic has caused severe disruptions in the Spanish and the global economy and could potentially create widespread business continuity issues of unknown magnitude and duration, which may impact our liquidity and access to capital.

The COVID-19 pandemic has caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We cannot assure that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancing. We may be required to raise additional capital in the future and our access and cost of financing will depend on, among others, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts, our prospects and our credit ratings.

In addition, the terms of future debt agreements could include more restrictive covenants or require incremental collateral, which may restrict our business operations or make such debt unavailable due to our covenant restrictions then in effect. There is no guarantee that debt financings will be available in the future to fund our obligations, or that they will be available on terms consistent with our expectations.

We depend upon our operations to generate strong cash flows to support our operating activities, supply capital to finance our operations and growth, make capital expenditure and manage our debt levels. The continuing economic disruption caused by the COVID-19 pandemic, and the resulting restrictions and preventive measures, could adversely affect our ability to generate sufficient cash flows from operations and could adversely affect our ability to make payments of future interest and other payments with respect to our indebtedness and other obligations, including payments on the Notes and to fund capital expenditure, which could negatively impact the quality of our service, our competitiveness and customer satisfaction, which could in turn have a negative impact on our revenue, operating profit and cash flows. In addition, since we have fixed costs which we cannot significantly or rapidly decrease when demand for our products or services decreases, such as personnel costs and costs related to our infrastructure any resulting decline in our revenue, particularly in the event of a future resurgence of the COVID-19 pandemic, may have a material adverse effect on our net cash flows, margins and profits.

We face significant competition in each of the business segments in which we operate and competitive pressures and shifting customer preferences could have a material adverse impact on our business.

We operate in highly competitive markets and we face significant competition from both market incumbents and new competitors in our industry, which has resulted in generally declining average revenue per user ("**ARPU**") across our industry. In Spain, the telecommunications sector is dominated by legacy operators. Telefónica, S.A. and its affiliates ("**Telefónica**") in particular hold a dominant market share in certain regions. The Spanish National Commission of Markets and Competition (the "**CNMC**") has favoured the growth of alternative operators, but legacy operators may seek to leverage their market position to compete with us in new territories or service areas. While the Euskaltel Group is the fifth telecommunications operator in Spain, the completion of the Euskaltel Acquisition and the related integration of the Euskaltel Group into our business is not expected to have a significant impact on the relevant competitive landscape for retail markets and we expect to maintain our position as the fourth largest telecommunications operator in Spain (*source: CNMC, June 2021*).

For our fixed line and mobile services, our competitors include, but are not limited to, Telefónica, Orange Espagne, S.A. (including its affiliates, "**Orange Spain**") and Vodafone España, S.A.U. (including its affiliates, "**Vodafone Spain**"). In addition, our mobile services face competition from providers of VoIP and mobile virtual network operators ("**MVNOs**"). For our wholesale services, our key competitors include, but are not limited to, wholesale providers of voice, data and fibre services. Furthermore, the Basque, Galician and Asturian telecommunications markets in which the Euskaltel Group operates are highly competitive. We may also face increased competition in any of these business segments as a result of new market entrants. Competition from such companies, as well as from new entrants and new technologies, could create downward pressure on prices across all the business lines, which could result in a further decrease in ARPU, a loss of customers or revenue generation units and a decrease in revenue and profitability. In addition, technological developments are increasing cross-competition in certain markets, such as that between mobile and fixed-line telephony.

In some instances, our competitors may have easier access to financing, more comprehensive product ranges, lower financial leverage, greater financial, technical, marketing and personnel resources, larger subscriber bases, wider geographical coverage for their fixed or mobile networks, greater brand name recognition and experience or longer established relationships with regulatory authorities, suppliers and customers. Some of our competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services or are not subject to obligations applicable to operators with significant market power.

Traditional telecommunications operators, owing to their falling market share in recent years, may develop an expansion policy with their main or second-tier brands based on large price discounts that generally affect all operators in the market. Certain of our main competitors in Spain have greater financial capacity than us. This could be used to undercut competing businesses, including us, or to invest in infrastructure or other assets that would enable our traditional competitors to become more competitive in the market. The launch of such value-conscious telecommunications services has triggered generally declining ARPU across the industry and has resulted in a shift to converged services, where margins are higher.

As a consequence of the telecommunications and mobile markets reaching saturation in certain of the most populated regions in Spain, there are a limited number of new subscribers entering the market in these regions. In order to increase our subscriber base and market share in those regions, we are dependent on attracting our competitors' existing subscribers, which intensifies the competitive pressures that we are subject to. We cannot guarantee that our historical positive portability numbers and leading position in customer satisfaction rankings (as confirmed by data published by the CNMC and by the consultancy firms GFK and nPerf) will continue in the future, in particular as the Spanish government imposed temporary COVID-19-related restrictions which prohibited fixed and mobile number portability and which may be re-imposed depending on the evolution of the COVID-19 pandemic. In addition, as a consequence of the pandemic, since the first half of 2020 the level of competition has increased as many of our competitors have launched new promotions and offers in an attempt to tackle worsening economic conditions and declining consumer spending, such as Vodafone's "back to school" 50% discount program, including unlimited data and minutes options, 600 Mbps fibre optic network access and TV packages, and Orange Spain's football package promotion. Such initiatives adversely affected ARPU, including as a result of our customer retention campaigns in response to such strong market competitive intensity. For example, in March 2020, Telefónica increased all quadplay Movistar Fusión mobile plans by an additional 30GB per month at no additional cost, and started offering a 50% discount on prepaid mobile services.

There has been a trend towards consolidation and convergent offerings among telecommunications operators in the Spanish and broader European market. Our competitors could gain competitive advantages over us through mergers, joint ventures and alliances among franchises, wireless or private cable operators, satellite providers, local exchange carriers and other telecommunications service providers in Spain that could give them increased access to financing, resources, efficiencies of scale or the ability to provide multiple services in direct competition with us. Public-private joint ventures may also increase competition.

Moreover, the competitive landscape in Spain is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and a focus on bundled offerings, including special promotions and discounts for customers who subscribe for bundled services and, more recently and as a future trend to take into consideration, offerings for access to services under 5G networks. We expect additional competitive pressure from a range of players that seek to offer packages of fixed based and mobile voice, internet and video broadcast services, including from new regional broadband services, new brand launches from existing competitors and new market entrants. As a result of the increasing competition in the telecom market, ARPU has declined over time.

The success of our business model is based on our service quality and the products currently offered in the market as well as on continual renewal and updating of our product and service range in accordance with the requirements and changes that arise in a highly competitive market. Any delay or absence in introducing a product or service range that is at least similar to what is being offered by our main competitors could lead us to lose our competitive position in the market and, consequently, to a decrease of our current market share, which would have a negative impact on our revenue, operating profit and cash flows. In addition, maintaining and developing our infrastructure and the range and quality of our services to remain competitive in the market requires significant capital expenditure on an ongoing basis, which could negatively impact our profitability in future periods. For instance, the Euskaltel Group license agreement with Virgin Enterprises Limited ("**Virgin**") requires us to make at least €115 million of capital and operational expenditure on customer acquisition and marketing in the five years following the launch of the commercial use of the license. Our inability, for any reason, to fund our capital expenditure in the future could negatively impact the quality of our service, our competitiveness and customer satisfaction, which could have a negative impact on our revenue, operating profit and cash flows.

In our capacity as reseller, we face high levels of competition from other resellers and MVNOs, which have been increasing their share of the Spanish mobile telecommunications market in past years, following an international trend towards increasing diversification in the telecommunications markets. This has increased competition and pricing pressure in our markets, primarily in the prepaid market but also increasingly in the post-paid market. In our capacity as mobile network operator, like all Spanish network operators, we have arrangements with resellers of two types: MVNOs, who rely on our national roaming agreement for their own customers, and cable operators, who commercialize our mobile services. These arrangements generally provide less revenue and lower margins than our other services, and as a result, a potential increase in market share of resellers and MVNOs may reduce our margins and revenue if we fail to increase our own market share in the resale market. In addition, aggressive pricing from resellers or MVNOs on our network or on other networks and pressure from resellers and MVNOs on our network for contract terms that are more favourable to them could also increase the competitive pressure and cause our results of operations to decline. If we are unable to compete effectively with resellers and MVNOs, our business, financial condition and results of operations may be materially and adversely affected.

We are also facing increasing competition from non-traditional mobile voice and data services based on new mobile VoIP, in particular OTT services such as Facebook Messenger, FaceTime, Google Talk, Skype, Snapchat, Viber and WhatsApp. These OTT services are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the internet, thus bypassing more expensive traditional voice and messaging services (SMS/MMS) provided by mobile network operators ("**MNOs**") like us, who are only able to charge the internet data usage for such services. With the growing share of smartphone users in the Spanish mobile subscriber base, there are an increasing number of customers using OTT services. All MNOs are currently competing with OTT services providers who leverage existing infrastructures and are often not required to implement capital-intensive business models associated with traditional mobile network operators like us. OTT service providers have in recent years become more sophisticated, and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. In addition, players with strong brand capability and financial strength, such as Apple Inc. ("**Apple**"), Google Inc. ("**Google**"), Facebook and Microsoft Corporation, have turned their attention to the provision of OTT services. In the long-term, if non-traditional mobile voice and data services or similar services continue to increase in popularity and if we, or more generally all the MNOs, are not able to address this competition, this could cause declines in subscriber base and profitability across all of our products and services, among other material adverse effects. In addition, we may face increasing competition from a large-scale roll-out of public Wi-Fi networks by local governments and utilities, transportation service providers, new and existing Wi-Fi telecommunications operators and others, which particularly benefits OTT services. Enhanced fixed service infrastructure access and mobile services provided by competing operators may be more appealing to customers, and new technologies may enable our competitors to offer not only new or technologically superior services, but to also offer existing standard services at lower prices. For example, Digi Mobil, through an aggressive pricing strategy and increasing fibre footprint deployment, has continued to grow its market share for fixed-mobile convergence ("**FMC**") services. The telecommunications services industry has undergone significant technological development over time and these changes continue to affect our business. Such changes have had, and will continue to have, a profound impact on consumer expectations and behaviour. Our products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. We may not be able to fund the capital expenditures necessary to keep pace with technological developments. In this regard,, please also see the risk factor "*If we fail to successfully adopt new technologies or services, or to respond to technological developments, our business may be adversely affected and we may not be able to recover the cost of investments that we have made*" below.

Any inability or unwillingness to respond effectively to such competitive pressures could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Our business is concentrated in Spain, and may be adversely affected by negative economic, legal or political developments in Spain.

Our business operates almost entirely in Spain and most of our revenue is generated in Spain. Accordingly, our results may be adversely impacted by negative economic, legal or political developments in Spain, or by our failure to anticipate the needs and preferences of Spanish consumers in terms of our marketing, service portfolio and strategic investments.

Any adverse developments, or even uncertainties, in this regard, including sovereign risk fluctuations, may adversely affect our business, financial position, cash flows and results of operations. A deterioration in economic conditions in Spain as a result, for example, of changes in government policy, a further deterioration in global economic conditions as a result of the COVID-19 pandemic (see also the risk factors "*The impact of the COVID-19 pandemic on our business is uncertain and its effect on the Spanish economy and our customers' behaviour constitutes a threat to our business, operating results, financial condition and prospects*" and "*The spread of the COVID-19 pandemic has caused severe disruptions in the Spanish and the global economy and could potentially create widespread business continuity issues of unknown magnitude and duration, which may impact our liquidity and access to capital*" above) or a regional or global recession, could reduce or limit the growth of consumers' disposable income. All these factors could have a negative impact on our sales of new services and hardware and lead some of our customers to default on their telephone, broadband and/or television bills, thus negatively impacting our revenue. There is also a risk that financing conditions will tighten for both private and public sectors in Europe, or in Spain in particular, as a result of renewed uncertainty surrounding the sustainability of public finances in certain European countries, recession or other macroeconomic developments, which could increase our cost of financing or limit our access to financing in the future, which could limit our ability to pursue new acquisitions, improve and expand our infrastructure or otherwise implement our business plan.

In addition to the COVID-19 pandemic, there are several potential sources of economic uncertainty which could adversely affect the Spanish economy in particular. First, the risk of renewed political disruption in Catalonia could negatively impact the Spanish economy and our business. The Basque Country is one of the Euskaltel Group's main markets and any resurgence of conflict in that region could also negatively impact its business. Given the demanding maturity schedule of Spanish public debt and the potential for adverse developments in market confidence in Spain's ability to repay such debt, any adverse economic development in Spain could result in an increase in the cost of financing of Spanish public or private debt. Given the high level of parliamentary fragmentation in Spain and a recent change in government following the latest general elections in November 2019, in addition to a recent government reshuffle in July 2021, there is a risk that new government policies or uncertainty as to the implementation of existing government policies could adversely affect the economy or the confidence of financial markets in Spain's ability to service and repay its sovereign debt, which could result in tightening of financial conditions in Spain. In particular, such political uncertainty could negatively impact the application of the EU recovery fund, aimed at repairing the economic damage suffered by the Member States hardest hit by the COVID-19 pandemic, including Spain. In addition, any protectionist backlash as a result of international trade tensions could have significant implications for the Spanish economy in the form of reduced access to foreign capital and investment.

Acquisitions and other strategic transactions present many risks, including the risk that we may not be able to integrate newly acquired operations into our business, which may prevent us from realizing the strategic and financial goals contemplated at the time of any such transaction and thus adversely affect our business.

Historically, our business has grown, in part, through a significant number of selective acquisitions, joint ventures and network sharing agreements that have enabled us to take advantage of existing networks, service offerings and management expertise.

The main acquisitions and transactions can be summarized as follows, in chronological order:

(i) In the period from 2014 to 2016 in particular, we acquired more than a dozen complementary companies, including core strategic brands Yoigo and Pepephone.

(ii) In 2017, we acquired from More Minutes Communications, S.L. a business unit commercially called "Llamayá" ("**Llamaya**"), which is a MVNO focused mainly on the South American expatriate market in Spain, with a particular presence in the prepaid segment.

(iii) In 2017, we also entered into a consumer finance joint venture with the BNP Paribas Group to finance consumer purchases of mobile phones.

(iv) In 2018, we acquired a MVNO from Lebara Mobile Group, B.V., contributing more than 400,000 users and completing our trademark portfolio (the "**Lebara Spain MVNO**" or "**Lebara**").

(v) In 2018, we also acquired The Bymovil Spain, S.L.U. ("**The Bymovil Spain**"), owner of a network of 680 franchised stores that sell our Yoigo mobile brand.

(vi) In August 2019, we announced the acquisition of a stake in Cabonitel, S.A. ("**Cabonitel**"), owner of NOWO Communications, S.A. ("**NOWO**"), the fourth largest telecommunications operator in Portugal.

(vii) In 2019, we also acquired a few other MVNOs, such as Netllar, S.L.U. ("**Netllar**") and Carrier-E Mobile, S.L.U. ("**Carrier-E**") (which operates under the brand "**HITS Mobile**") (both of which will be merged into Xfera Móviles, S.A.U. following the Euskaltel Acquisition), which we both acquired from Nethits Telecom Group and which have operations in the region of Valencia, and we signed a joint venture agreement with Euskaltel and Global Dominion Access, S.A. ("**Dominion**") for the incorporation of Medbuying Technologies Group, S.L. ("**Medbuying**") a central purchasing company that aims to centralize the purchases of mobile terminals, routers and other telecommunications accessories.

(viii) Further, in November 2019, we sold a section of our FTTH network composed of approximately 940,000 BUs to Macquarie Assets Holdings Limited ("**Macquarie**"), an international infrastructure investor, retaining full ownership of the existing client base of the network sold.

(ix) On May 5, 2020, we incorporated Guuk Telecom, S.A. ("**Guuk**") through our subsidiary Xfera Móviles, S.A.U., in order to provide and market telecommunications services mainly in the Basque Country.

(x) On June 12, 2020, we completed the acquisition of all shares in Lycamobile, S.L.U. ("**Lyca**" and its acquisition, the "**Lyca Acquisition**"), a MVNO in Spain operating under the Lyca brand, specialized in the prepaid segment with around 1.5 million lines as of December 31, 2019, which reinforces our position in the prepaid segment in Spain. In 2020, we also entered into the 2020 Telefónica Agreement with respect to, among others, FTTH and migration of mobile lines from Lyca to our own mobile network. In addition, our network sharing agreements with Vodafone Spain and Orange Spain in 2018, 2019 and 2020 have given us access to national roaming, a high-quality heterogeneous 5G network in major Spanish markets and an expanded FTTH network.

(xi) In December 2020, we completed the purchase of Spotting Brands Technologies, S.L. as parent company of certain telecommunications operators specializing in services for medium- and small-sized towns in Andalusia, Extremadura, Castilla La Mancha and the Valencia region (the "**Ahimas Group**").

(xii) In February 2021, we expanded our range of electricity services by acquiring a controlling interest in the renewable energy company Energía Colectiva S.L., which operates under the "**Lucera**" brand.

(xiii) We also entered into a strategic agreement with El Corte Inglés in March 2021 to launch a virtual mobile and fibre operator.

(xiv) On April 30, 2021, we completed the sale of 1.1 million BUs to a joint venture network company (the "**Ucles Jvco**") that was set up jointly by us and Onivia (a telecom operator jointly controlled by Macquarie Capital, Aberdeen Standard Investments and Daiwa Energy & Infrastructure Co. Ltd.). Currently, we provide Ucles Jvco with the necessary transmission, operation, maintenance support and provisioning and equipment homologation services it requires for its operations and we are required to ensure that Ucles Jvco reach certain performance levels. Failure to comply with our obligations with respect to Ucles Jvco may trigger the payment of certain penalties, which could have a negative impact on our cash flows and our ability to finance our overall operations.

We may undertake further acquisitions, joint ventures or other synergistic transactions in the future, including our exercise of existing call options over certain affiliates, in addition to pursuing organic growth through increased customer numbers and increased penetration of our services and products among our existing customer base.

Any acquisition, disposal or other strategic transaction we may undertake in the future could result in us incurring additional debt or contingent liabilities, in addition to post-completion liabilities, increased interest expenses and/or amortization expenses related to goodwill and other intangible assets. In particular, any target that we acquire may have liabilities that we failed or were unable to discover in the course of performing our due diligence investigations. We may learn of additional information about the target companies that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws and regulations. For example, we could become liable for overdue payables to suppliers and employees that are not known to us at the time of the acquisition, or we could become subject to tax or pension liabilities in respect of historical periods that we are not currently aware of or the amount of which we underestimated. In conducting our due diligence, we rely on resources available to us, including public information and information provided by the sellers and third-party advisers. In addition, our due diligence usually provides for materiality thresholds, a limited scope and a restricted perimeter. There can be no assurance that the due diligence we undertake reveals or highlights all relevant facts necessary or helpful in evaluating future acquisitions. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during the due diligence exercise. The due diligence process is inherently subjective. If the due diligence investigation failed to identify material information regarding the business we plan to acquire, we may later be forced to write down or write off certain assets, significantly modify the business plan or incur impairment or other charges. Similarly, the materialization of certain risks, which may or may not have been identified during due diligence, may lead to a loss of property, loss of value and, potentially, subsequent contractual and statutory liability to various parties.

Any of these events, individually or in the aggregate, could have a material adverse effect on the business of the target entity, or on the financial condition and results of operations of the Issuers and our ability to fulfil our obligations under the Notes. Furthermore, the acquisitions of certain companies may constitute a change of control under agreements entered into by such companies, and may entitle these third-parties to terminate their agreements with us or, in some cases, request adjustments and financing arrangements of the terms of the agreements. We cannot exclude the possibility that some of these third-parties may exercise their termination, adjustment or other rights, which could have a material adverse effect on our business, results of operations and financial position following any such acquisition. In addition, some of the third-parties may use their termination or adjustment rights to renegotiate the terms of the agreements to our detriment and may benefit from stronger bargaining power, as a result of which the acquired company may only be able to secure replacement contracts on less favourable terms or at all.

In addition, it cannot be guaranteed that we will have sufficient resources to fund any acquisitions in the future, which would limit our growth through bolt-on acquisitions, which is a key element of our strategy. We may use available cash on hand to finance any such acquisitions. We may experience difficulties in integrating the businesses we acquire into our business, incur higher than expected costs or fail to realize all of the anticipated benefits or synergies of such acquisitions, or fail to retain key customers, employees and management personnel of the relevant targets. For example, we may fail to achieve anticipated operational synergies under the agreements entered into with Orange Spain in 2019 and 2020 or from our acquisition of Lyca, or the costs we incur in trying to realize these synergies and other benefits described herein may be substantially higher than our current estimates and may outweigh any benefit. Such transactions may also disrupt our relationships with current and new employees, customers and suppliers. In addition, the attention of our managers may be distracted from existing operations by such acquisition processes and the integration of the acquired businesses, especially for material acquisitions such as the Euskaltel Acquisition. See the risk factor "T*he Euskaltel Acquisition may prove unsuccessful or strain or divert our resources*" below. Thus, if we consummate any further acquisitions or fail to integrate previous acquisitions, there could be a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be successful in completing business acquisitions or integrating previously acquired companies. In addition, our debt burden may increase if we borrow funds to finance any future transactions, which could have a negative impact on our cash flows and our ability to finance our overall operations.

Acquisitions or disposals of additional telecommunications companies may require the approval of governmental authorities (either domestically or at the EU level), which can block, impose conditions on, or delay the process which could result in a failure to proceed with announced transactions on a timely basis or at all, thus hampering our opportunities for growth. In the event conditions are imposed and we fail to meet them in a timely manner, the relevant governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations, which could have an adverse impact on our business, financial condition and results of operations.

Although we analyse and conduct due diligence on acquisition targets, our assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations and our inquiries may fail to uncover relevant information. There can be no assurance that our assessments or due diligence of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations, especially in light of the severe economic uncertainty and unpredictability caused by the COVID-19 pandemic. Moreover, our plans to acquire additional businesses in the future are subject to the availability of suitable opportunities. Our competitors may also follow similar acquisition strategies and may have greater financial resources available for investments or may be willing to accept less favourable terms than we can accept, which may prevent us from acquiring businesses that we target to the benefit of our competitors. The operating complexity of our business and the responsibilities of management have increased significantly as a result of the growth of our business through acquisitions, which may place significant strain on our managerial and operational resources. We may be unable to allocate sufficient managerial and operational resources to meet our needs as our business grows, and our current operational and financial systems and managerial controls and procedures may become inadequate.

Although we consider the operational and financial systems and managerial controls and procedures that we currently have in place to be adequate for our business, we recognize that the effectiveness of these systems, controls and procedures needs to be kept under regular review as our business grows. We will have to maintain close coordination among our logistical, technical, accounting, finance, marketing and sales personnel. Management of growth will also require, among others, continued development of financial and management controls and information technology systems. We may be unable to hire managers with the relevant expertise or the hiring process may require significant time and resources, all of which could result in a disruption in our management, growth, operational and financial systems, managerial controls and procedures and, accordingly, have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

The Euskaltel Acquisition may prove unsuccessful or strain or divert our resources.

On August 10, 2021 we completed the acquisition of Euskaltel, a leading telecommunications company operating mainly in the Basque Country, Galicia and Asturias. See "*—Risks Relating to the Euskaltel Acquisition" and* section 2.9. (*The Erik Transactions and Recent Developments*) below.

In order to complete the Euskaltel Acquisition, we have raised indebtedness and expect that we have raised further indebtedness for a total aggregate amount of approximately €2,250 million consisting of the New Long-Term Notes offered in September 2021 by Lorca Telecom Bondco, S.A.U. and by Kaixo Bondco, S.A.U., as well as the utilisation of the Incremental Facility B2 (as defined in section 2.10.3. below), which will materially increase our debt service obligations going forward. We had never acquired such a material business before and, also due to our lack of experience on implementing such large acquisitions, the difficulties in successfully integrating Euskaltel into our Group and achieve the expected goals and synergies could be significant. Moreover, Euskaltel has launched an expansion plan aimed at increasing its presence in the Spanish market and outside of the natural markets in which it operates (mainly Basque Country, Galicia and Asturias). To further this objective, in early 2020 Euskaltel entered into a trademark license agreement with Virgin pursuant to which the latter assigned the right of use of its brand to the Euskaltel Group.

Euskaltel's expansion strategy is expected to require increased capital expenditure and may not generate positive returns, which could have a negative impact on the Euskaltel Group's and, in turn, our Group's business, financial condition and results of operations. In particular, the Euskaltel Group license agreement with Virgin requires us to make at least €115 million of capital and operational expenditure on customer acquisition and marketing in the five years following the launch of the commercial use of the license.

We may experience difficulties in integrating Euskaltel into our business, especially in light of its material size compared to the rest of the Group, incur higher than expected costs or fail to realize all of the anticipated benefits or synergies of the Euskaltel Acquisition, or fail to retain key customers and management personnel of the Euskaltel Group. In particular, we may fail to achieve anticipated operational synergies, or the costs we incur in trying to realize these synergies and other benefits may be substantially higher than our current estimates and may outweigh any benefit. In addition, with the acquisition of the Euskaltel Group and its integration into our overall business network, we may experience cannibalization of service offerings in the regions in which we operate, in particular regard to the Euskaltel Group's expansion into the Spanish market with its Virgin telco platform, which may lead to the Euskaltel Group's business to compete to a certain degree with ours in the markets in which we operate. As part of our strategy in relation to the Euskaltel Acquisition, we expect to, among others, realize certain significant cost savings through the migration of the Euskaltel Group's mobile base onto our own network and the deployment of additional mobile sites, as well as the HFC decommissioning by migrating the Euskaltel Group's HFC footprint onto our own FTTH footprint. See section 2.6 ("*Our Strategy*") below.

There can, however, be no assurance that we will be successful in implementing our strategies. More specifically, we may be required to invest more than we have currently budgeted in order to implement our investment plans and we may not realize the anticipated levels of EBITDA-based increase or cost efficiencies from such investments. The Euskaltel Acquisition may also disrupt our relationships with current and new employees, customers and suppliers. In addition, the attention of our managers may be distracted from existing operations by the integration of Euskaltel into our business and the associated complexities. In addition, we may not have sufficient expertise, resources or time to build the necessary support infrastructure to achieve our strategies in the desired timeframe or at all. The measures we implement to respond to the challenges presented by the COVID-19 pandemic or any other unforeseen circumstances could also require us to adjust, postpone or abandon certain of our cost synergies and other integration initiatives in respect of the Euskaltel Acquisition. If we are unsuccessful in implementing our strategic or financial objectives, including in relation to the Euskaltel Acquisition, or if we are required to spend more than we anticipated to achieve those objectives, our business, operating results, financial condition and prospects could be materially adversely affected. Furthermore, if we fail to integrate Euskaltel, there could be a material adverse effect on our business, financial condition and results of operations. In addition, our increased debt burden in connection with the Euskaltel Acquisition could have a negative impact on our cash flows and our ability to finance our overall operations.

In addition, the Euskaltel Group has entered into certain commercial arrangements which could increase the integration risks of the Euskaltel Acquisition. In particular, on November 4, 2016, the Euskaltel Group entered into a MVNO agreement with Telefónica for the provision of certain wholesale electronic mobile communication services for an initial term that will expire in October 2022 (the "**November 2016 Telefónica Agreement**"). Furthermore, on June 21, 2018, the Euskaltel Group renewed its agreement with Orange Spain and, among others, extended the duration of its fixed term until June 30, 2022 (the "**June 2018 Orange Agreement**"). On December 13, 2019, the Euskaltel Group renewed its national roaming agreement with Orange Spain, which allows the Euskaltel Group to offer its customers a full range of mobile technology and access to all Orange Spain households in Spain via fibre network. The Euskaltel Group relies on these agreements with Orange Spain and Telefónica for its voice and data services provided to mobile customers. Under the November 2016 Telefónica Agreement and the June 2018 Orange Agreement, the Euskaltel Group has committed to cumulative minimum annual consumption levels and, due to the unpredictable nature of demand for mobile services, there can be no assurance that in the future the Euskaltel Group will be able comply with such levels. Any such failure could in turn adversely impact its profitability and financial conditions. In the event that such agreements with Orange Spain and Telefónica are not renewed or are otherwise terminated or if Orange Spain or Telefónica fail to deploy and maintain their networks or to provide the services required, and our Group is unable to migrate all or some of the customer base to our own network or to find a replacement on a timely basis, on reasonable commercial terms or at all, the Euskaltel Group could be prevented from carrying on its mobile business altogether, or on less favourable terms or with less desirable services. Additionally, any migration of all or some of the customer base would depend in part on Orange Spain and Telefónica and their co-operation and could entail technical and commercial risks. Any of the foregoing risks could have an adverse impact on our business, financial condition and results of operations.

Our business is capital intensive and our capital expenditures may not generate a positive return.

Our business is capital intensive and requires significant levels of investment. Like other companies in the fixed line, mobile and internet services sector, we must continually invest in order to develop, expand and maintain our network infrastructure. Though we maintain what we believe are cost-effective national roaming agreements and network sharing agreements with incumbent telecommunications services providers, our business demands significant capital expenditures to add customers to our networks and improve the scope and quality of our service, including expenditures relating to equipment and labour. In particular, we incur significant capital expenses for the deployment of new technologies, for the purchase of frequencies and the deployment of network infrastructure for our mobile operations and fibre-optic infrastructure and for our fixed line operations. We may also need to make investments to provide business continuity and to meet requirements for information security and disaster recovery, all of which could require significant capital expenditures which could be further increased by applicable regulations requiring increased levels of the technical protection of telecommunications networks.

In addition, costs associated with the licenses and spectrums that we need to operate our existing networks and technologies and those that we may acquire or develop in the future, as well as costs and rental expenses related to their deployment, could be significant. The amount and timing of our future capital requirements may differ materially from our current estimates due to various factors, many of which are beyond our control. See also the risk factor "*Our existing services future network capacity growth may be constrained by the frequency spectrum available to us*" below.

Furthermore, new technologies and the use of multiple applications increasing customers' bandwidth requirements could lead to saturation of the networks and require telecommunications operators to make additional investments to increase the capacity of their infrastructures. We expect our net capital expenditure for 2021 to be approximately €356 million. It cannot be guaranteed that we will continue to have sufficient resources to maintain the quality of our network and our other products and services, or to expand our network coverage, which are key elements for our strategy and growth over the long-term. Unforeseen investment expenses, an inability to generate sufficient cash flows and/or finance our capital expenditure needs at an acceptable cost or an inability to make profitable investments could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

We may not generate sufficient cash flow to fund our capital expenditures, ongoing operations and debt obligations.

Our ability to service our debt and to finance our capital expenditure needs and operations in progress will depend on our ability to generate cash flows. We cannot provide any assurance that our business will generate sufficient cash flow from operations or that future debt or equity financing will be available to us in an amount sufficient to enable us to pay our debt obligations when due, sustain our operations or meet our other capital requirements. Our ability to generate cash flow and to finance our capital expenditures, current operations and debt service obligations depends on numerous factors, including:

- our future operating performance;
- the demand and price levels for our current and projected products and services;

- our ability to maintain the level of technical capacity required on our networks and the subscriber equipment and other pertinent equipment connected to our networks;
- our ability to successfully introduce new products and services;
- our ability to limit customer churn;
- the general economic conditions and other circumstances affecting consumer spending;
- competition;
- sufficient distributable reserves, in accordance with applicable law; and
- legal, tax and regulatory developments affecting our business.

Some of these factors are beyond our control. If we are not able to generate sufficient cash flows, we might not be able to repay our debt, expand our business, respond to competitive challenges or finance our cash and capital requirements, including capital expenditures. If we are not able to meet our debt service obligations, we might have to sell off assets, attempt to restructure or refinance our existing debt or seek additional financing in the form of debt or equity. We may not be able to do so in a satisfactory manner, or at all, which would have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Our existing services future network capacity growth may be constrained by the frequency spectrum available to us.

Mobile network capacity is to a certain extent limited by the amount of frequency spectrum available for its use. Since the Spanish government controls the allocation of frequency spectrum to telecommunications operators in Spain, the capacity of our mobile network is limited by the amount of spectrum that we are able to procure via public auction or private sale. We cannot assure you that we will be able to procure more spectrum, renew spectrum upon the expiry of our spectrum licenses or otherwise maintain our existing spectrum licenses, including as a result of our non-compliance with any commitments pursuant to concession agreements. See also the risk factor "*Any failure to comply with license conditions may jeopardize our licenses, which are required to operate our business and our networks*" under section 1.2 below.

As spectrum auctions are infrequent and we may need additional spectrum in the future, we may participate in future spectrum auctions even though we might not, at the time of the auction, require additional spectrum capacity. Such participation would require significant capital expenditures in the near term, as acquiring spectrum is expensive, due in part to the fact that spectrum availability is limited and the process for obtaining it is complex. We currently own 30 MHz in the 1,800 MHz band, 30 MHz and 5 MHz in the 2,100 MHz band, 80 MHz in the 3.4-3.8 GHz band (the "**3.5 GHz Band**") following the acquisitions of spectrum from Eurona Wireless Telecom (40 MHz) in July 2018 and from Neutra Network Services, S.L.U (40 MHz) covering the whole Spanish territory, together with seven concessions in the radio frequency public domain in the 2.6 GHz for Madrid, Catalonia, Castilla-La-Mancha, Andalusia and, following the Euskaltel Acquisition, Asturias, Galicia and the Basque Country.

We believe that our current spectrum allocation is sufficient for anticipated customer growth in the near term and our provision of 5G services. However, we may need additional spectrum to accommodate future customer growth or to further develop our 4G and 5G services, and the quality of spectrum available to us may affect our competitive position. We cannot assure you that we will be able to obtain additional spectrum that would meet our expectations or business needs on a timely basis. Our network expansion or upgrade plans may be affected if we are unable to obtain additional spectrum. This could in turn constrain our future network capacity growth and our market share, which would in turn materially and adversely affect our business and prospects as well as our financial condition and results of operations. For further risks related to 5G roll-out, see the risk factor "*We depend on network sharing agreements to provide commercially viable services across Spain and depend upon other third-parties to access and maintain certain parts of our infrastructure*" below.

Our growth prospects depend on continued demand for fixed line, mobile and broadband products and services and increased demand for bundled and premium offerings.

The use of the internet, television and fixed line telephony and mobile services in certain of the regions in which we operate has increased in recent years. We have benefited from this growth and our growth and profitability depend, in part, on continued demand for these services in the coming years. We rely in part on our ability to market mobile, TV and broadband services, as well as a combination of these services through bundled offerings to attract new customers and to migrate existing customers to such services. If demand for such products and services does not increase as expected, this could have a material adverse impact on our business, financial condition and results of operations. Conversely, if the use of telecommunication services increases more than expected (as a result of the COVID-19 pandemic or other unexpected event), the increase in traffic would require prompt action on our end to expand our network's capacity so as to ensure connectivity and be able to successfully meet the increased demand for our services. If we are unable to meet such increasing demand, we may lose existing or potential customers to our competitors. In addition, there is a risk that new technologies may undermine demand for our services. For example, new wireless internet services being developed by Amazon, SpaceX or other providers could reduce demand for fixed line broadband and telephony in the future. New providers of mobile data and telephony services may enter the market and may benefit from more effective or lower cost technologies that give them a competitive advantage over us in these markets. Furthermore, the products and services we offer may be more successful than we anticipate, and we may be unable to meet the demand for our product offerings. For example, if Euskaltel underestimates the popularity of its set-top boxes, some customers could face a significant wait for the product due to the manufacturer's lead times or other delays, which may lead to existing or new customers to seek services and products from competitors. We are also affected by shifts in consumer preferences, which continue to evolve rapidly to respond to the challenges posed by the COVID-19 pandemic. In particular, the self-isolation measures imposed by the Spanish government in order to combat COVID-19 have resulted in a considerable increase in internet traffic and a correlated decrease in mobile services usage, as customers rely on VoIP and OTT services as a substitute for traditional voice and messaging services while gatherings are prohibited and residents are advised to stay at home. If these consumer trends continue, the growing demand for such services could threaten our competitive advantage and have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Our main competitors offer integrated products over their fixed line and/or cable networks, including fixed mobile services bundles comprising mobile, fixed voice and broadband internet products, as well as "quadruple-play" offerings that combine these three products with television services. Bundled services are expected to become increasingly important and customers that have such services are less likely to switch to a different operator for all or part of the bundled services. We are the only domestic operator without its own television offering, which may put us at a disadvantage to competitors with such offerings, particularly given the popularity of football broadcasts.

We depend on network sharing agreements to provide commercially viable services across Spain and depend upon other third parties to access and maintain certain parts of our infrastructure.

We are dependent on various third-parties in order to provide commercially viable services in certain regions. For example, among other agreements, we rely on the agreements we have signed with Orange Spain since 2015 in connection with national wholesale roaming and shared FTTH network infrastructure; certain agreements executed in 2017, 2018, and 2020 with Telefónica relating to the new broadband ethernet service ("**NEBA**") for both residential and commercial units and FTTH network bitstream wholesale access, as well as a national roaming agreement ("**NRA**") executed between Telefónica and Xfera Móviles, S.A.U. in 2016, as amended in 2019 and 2020; and certain agreements executed in 2018 with Vodafone Spain for sharing FTTH infrastructure and in 2019 for provision of wholesale access services under an MVNO scheme. In June 2021 we executed a new agreement with Ericsson, expanding the range of 5G technology products and services we offer.

We have an additional NRA with Vodafone Spain for the specific traffic of Lebara Spain and HITS

Mobile. All NRAs have a similar structure, involving a minimum committed value in euro in exchange for a bucket of data (in millions of gigabits). The September 2019 Orange Agreement is the largest NRA and also provides a high-quality heterogeneous 5G network in major Spanish markets and an expanded FTTH network, with a scheduled duration up to December 31, 2028, and including protection schemes in case of deviation from traffic estimations. However, although the September 2019 Orange Agreement has been operative since January 1, 2020, the 5G network capacity, among others, is subject to the approval of the Spanish relevant authorities (namely, the *Secretaría de Estado de Avance Digital*), which is pending as of the date of this Information Memorandum.

Under such agreements, we rely on third-parties to invest in the maintenance and growth of their networks and to provide a reliable and high-quality service. For example, under the September 2019 Orange Agreement, we rely on Orange Spain to proceed with the planned roll-out and further development of its national 5G network, which we intend to utilize to provide high quality 5G services to our customers. Should Orange Spain fail, for any reason, to proceed with such development, or should such development be delayed, this may negatively impact our ability to implement our business plan. In addition, the Euskaltel Group does not operate its own mobile access network but uses the mobile access network of Telefónica in Asturias, pursuant to the November 2016 Telefónica Agreement and the mobile access network of Orange Spain, pursuant to the June 2018 Orange Agreement in the rest of Spain to offer its mobile services.

We have limited or no control over the quality and consistency of the services that are supplied to us by third-parties, especially as such third-parties' activities may be strained as a result of the COVID-19 pandemic and current economic downturn. Any deterioration in the provision of such services, a failure of any of these parties to perform their obligations under the agreements or our inability to extend any of the agreements on favourable terms or at all could negatively impact the scale and quality of the services we can provide to our customers, which would negatively affect our business, financial condition and results of operations.

Our business may be adversely affected by restrictions on our ability to maintain existing network infrastructure or install new network infrastructure.

The coverage of our network depends in part on our ability to maintain existing antennas and to build up new antennas for our network. Our antennas are generally built on land owned by third-parties, the use of which is secured by way of lease agreements. In particular, the Euskaltel Group has entered into various lease arrangements relating to certain locations where its nodes are situated, as it only owns the sites for part of the nodes that deliver its services to the customer base. These agreements have been entered into with various landlords and are crucial for its business. There can be no guarantee that these lease agreements will be extended or renegotiated on commercially favourable terms upon the expiration of their respective terms, or that they will be extended at all. If we are not able to renew our current lease agreements for antenna sites and/or to enter into new lease agreements for suitable alternate antenna sites, this could have a negative impact on the coverage of our network. Additionally, some of the equipment used in our network is installed on customer premises. Disputes with these customers or legal proceedings involving their property may subject this equipment to encumbrances or cause it to be inaccessible, which could adversely affect our ability to operate our network. Further, our inability to successfully and timely resolve such disputes could negatively affect our business, financial condition and results of operations.

Furthermore, certain regulatory approvals, such as new build permits, may be required to operate antenna sites with other frequencies/frequency bands, in particular where the shift is made from a higher frequency band (*e.g.* 2100 MHz) to a lower frequency band (*e.g.* 1800 MHz) and new technologies such as 5G and adaptive antennas. To the extent that we seek to operate antenna sites with other frequencies/frequency bands and technologies, failure to obtain such regulatory approvals could have a negative impact on the coverage of our network. Current initiatives from certain activist groups against 5G deployment and the construction of more antennas with higher frequency emissions, and the reaction of some politicians and authorities on a cantonal and communal level may result in more effort and costs and a resulting delay for the roll-out of our network. This concerns not only new sites and 5G, but also impacts upgrades on existing sites and former technologies as 3G and 4G. Any such negative impact on the coverage of our network could materially and adversely affect our business, financial condition and results of operations.

Our industry is subject to increasing operating costs and inflation risks which may adversely affect our earnings.

While we generally attempt to reflect increases in operating costs in our subscription rates, there is no assurance that we will be able to do so due to competitive pressure and other factors. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on our cash flow and results of operations. For example, our operating costs could increase as a result of higher employee costs at call centres, higher payments to providers of TV services or in the event of the review and increase of the fees paid to Spanish authorities for our spectrum licenses. We are also affected by inflationary increases that may occur as a result of recovery of economy post COVID-19 in payment obligations under supply contracts or in salaries, wages, benefits and other administrative costs which we may not be in a position to pass on to our customers, which in turn could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

We depend on certain key partners and other third parties for the provision of hardware, software and other providers of outsourced services, who may discontinue their services or products, seek to charge us prices that are not competitive or choose not to renew contracts with us.

We have important relationships with several suppliers of hardware, software and related services that we use to operate our broadband internet, fixed line, mobile and internet services businesses. Any future shortages may involve significant delays in seeking alternative supplies, may constrain our ability to meet customer demand and may result in increased customer churn. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in our contracts with our subscribers in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that we will be able to obtain the hardware, software and services we need for the operation of our business in a timely manner, at competitive terms and in adequate amounts.

We also outsource some of our support services, including parts of our subscriber services, information technology support, technical services and maintenance operations. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to our operations, thus potentially harming our reputation, and could result in us incurring additional costs, including if the outsourcing counterparty increases pricing or if we are required to locate alternative service providers or in-source previously outsourced services.

Further, we are dependent on certain suppliers with respect to our mobile services who we may not be able to replace without incurring significant costs, such as the agreements with Ericsson España S.A.U. ("**Ericsson**") for the maintenance of our mobile network (and, in particular, the hardware supplier selected to deploy 5G mobile access and core network), with Huawei Technologies España S.L. ("**Huawei**") for the deployment of the FTTH network, with ZTE España S.L.U. ("**ZTE**") for the supply and maintenance of equipment, with Italtel Ltd. for the Voice Interconnection Platform and Inetum España, S.A. ("**Inetum**") to outsource certain IT services. The Euskaltel Group also depends on suppliers such as Nokia, Nagra, Atos, Sagemcom and Technicolor for the provision of essential network and IT services. A cessation or interruption in the supply of the products and/or services may harm our ability to provide our mobile services to our subscribers. Among other considerations, there can be no assurance that recent controversies in Europe, the recent announcement by the United Kingdom to ban the use of Huawei's equipment in its 5G infrastructure and the developments in the United States regarding the use of Huawei mobile network technology in the development of 5G infrastructure will not result in restrictions on our or our commercial partners' access to or use of such equipment and, given the limited availability of alternative manufacturers, could limit the supply of the components necessary for development of a 5G network in Spain. In particular, in the context of our 5G network deployment, it is possible that we could face a lack of supply of 5G chipsets, which could negatively impact our expansion plan. In addition, the continued impact of the COVID-19 pandemic may result in supply chain delays and travel restrictions on our employees, contractors or suppliers, potentially for an extended period of time, which could negatively impact our ability to source equipment or services in a timely and cost-effective manner. In addition, on January 12, 2020 Euskaltel entered into a trademark license agreement with Virgin Enterprises Limited pursuant to which the latter assigned the right of use of its brand to the Euskaltel Group, with the majority of the relevant consideration consisting in sales-related variable payments. The Virgin brand is a key factor of the Euskaltel Group's expansion plan in the Spanish market. Virgin Enterprises Limited as licensor may terminate this agreement in certain circumstances, including in the event of a material breach of the agreement not remedied within 20 business days, a failure of the Euskaltel to generate certain levels of revenue, a change of control in relation to the Euskaltel in favour of an unsuitable buyer and if the Euskaltel fails to meet certain capital and operational expenditure requirements under the agreement.

Furthermore, either directly or through Medbuying as central purchasing company, we have relationships with a number of key sourcing partners for mobile network equipment, network roll-out, fixed access and software, handsets, routers and other retail equipment such as Samsung, Huawei, Xaomi, ZTE and Sagecom.

Our ability to both maintain and renew our existing contracts with key partners and suppliers of products or services or enter into new contractual relationships with these or other suppliers upon the expiration of existing agreements, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events which may be beyond our control. The occurrence of any of these risks or a significant disruption in our supply of equipment and services from key sourcing partners could create technical problems, damage our reputation, result in the loss of customer relationships and have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

We depend on third-parties to provide premium programming for the pay TV service and conditional access systems.

We do not produce the majority of our television content and therefore our ability to compete in the pay TV market depends, in part, on the ability to obtain attractive programming from third-parties at reasonable prices. A relatively small number of third-party companies produce and control access to programming in Spain. If we are unable to purchase content at commercially reasonable prices, or at all, our ability to retain and grow our customer base could be adversely affected. The Euskaltel Group operates conditional access systems provided by Nagra to transmit encrypted digital programs, including its digital television packages. Billing and revenue generation for its services also rely on the proper functioning of conditional access systems. There can be no assurance that such systems always function as intended and there is a risk that the Euskaltel Group will not be able to successfully eliminate the piracy it currently faces or may face in the future. In addition, there can be no assurances that any new conditional access system security that the Euskaltel Group may put in place will not be circumvented. Encryption failures could result in lower revenue, higher costs and increased pay TV subscriber churn. Any of the foregoing could have a material adverse effect on the business, prospects, financial condition and results of operations of the Euskaltel Group. In addition, with the acquisition of the Euskaltel Group we have added a Pay TV business to our overall service offering, which represents a new business segment for us and in relation to which we have limited experience. However, on August 10, 2021, the Euskaltel Group entered into a series of agreements with Agile TV for the sale of the Euskaltel Group's pay TV business to Agile TV, pursuant to which the Euskaltel Group will, among others, continue to operate the pay TV business for a transitional period of one year. Any failure by us to maintain the operation of the Euskaltel Group's pay TV business in this transitional period or comply with our obligations under the agreements relating to the sale of the Euskaltel Group's pay TV business could have a negative impact on our cash flows and our ability to finance our overall operations.

The continuity of our services strongly depends on the proper functioning of our IT and network infrastructure and any failure of this infrastructure could have a material adverse effect on our business.

The reliability and quality (both in terms of service as well as availability) of our information systems and networks, particularly for our mobile and fixed line businesses, are key components of our business activities, the continuity of our services and the confidence of our customers. More specifically, the unavailability or failure of information systems we use, our network, the production of "electronic" communications services and television, our website, and our customer service function, could significantly disrupt our business.

A flood, fire, other natural disaster, war, act of terrorism, power failure, cyber-attack, computer virus or other catastrophe affecting a portion of our network could have a material adverse impact on our business and our relations with customers. Measures with the aim of remedying such disasters, safety and security measures, or measures for protecting service continuity that we undertake or may undertake in the future, as well as the effects thereof on the performance of our network, could be insufficient to avoid losses. Any disaster or other damage affecting our network could result in significant uninsured losses. Our network may be subject to disruptions and to significant technological problems, and such difficulties could escalate over time. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce our revenue, cause us to incur additional expenses or lose customers. The business of the Euskaltel Group depends on certain sophisticated critical systems, including its network operations centre ("**NOC**"), call centre and billing and customer service systems. The hardware supporting those systems is housed in a relatively small number of locations and if damage were to occur to any of these locations (*e.g.*, from a fire or flood) or if those systems develop other problems, there could be a material adverse effect on the business, prospects, financial condition and results of operations of the Euskaltel Group. Furthermore, we may experience difficulties in integrating the Euskaltel Group's IT systems with ours following the completion of the Euskaltel Acquisition. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by regulators and damages, such as compensation to customers affected by service interruptions or changes. Further, we may incur costs and revenue losses associated with the unauthorized use of our networks, including administrative and capital costs associated with the unpaid use of our networks as well as with detecting, monitoring and reducing the incidences of fraud. Fraud could also impact interconnection costs, capacity costs, administrative costs and payments to other carriers for unbillable fraudulent roaming charges.

While we have backup systems, the risk that these systems may not be sufficient to handle a spike in activity cannot be ruled out, which could lead to a slowdown or unavailability of IT systems for a period of time. Moreover, we may incur legal penalties and reputational damages to the extent that any accident or security breach results in a loss of or damage to customers' data or applications or the inappropriate disclosure of confidential information.

Furthermore, the development of the resources used by consumers (for example, videoconferencing, telepresence, and cloud computing for business customers), of the "internet of things," and of new terminals (such as smartphones and tablets) may result in a risk to our networks of saturation due to the large volumes of data generated by such resources.

Should all or some of these risks materialize, this could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes. See also risk factor "*Our business is subject to risks of natural disasters, fire, power outages and other catastrophic events that can be further intensified due to the developing threat of climate change*" below.

If we fail to successfully adopt new technologies or services, or to respond to technological developments, our business may be adversely affected and we may not be able to recover the cost of investments that we have made.

Our business is characterized by rapid technological change and the introduction of new products and services to meet customer demand at competitive prices, and it is difficult to forecast the impact such technological innovations will have on our business. If any new or enhanced technologies, products or services that we introduce fail to achieve broad market acceptance or experience technical difficulties, our revenue growth, margins and cash flows may be adversely affected. As a result, we may not recover investments that we make in order to deploy these technologies and services. Enhanced fixed service infrastructure access and mobile services provided by competing operators may be more appealing to customers, and new technologies may enable our competitors to offer not only new or technologically superior services, but to also offer existing standard services at lower prices. We may not be able to fund the capital expenditures necessary to keep pace with technological developments. Our ability to respond to and keep pace with technological developments may also be strained as a result of the preventive measures taken by the Spanish government in response to the COVID-19 pandemic, which have forced many of our employees to work remotely for prolonged periods of time, thereby halting the progress of our "on-the-field" projects. It is possible that alternative technologies that are more advanced than those we currently provide may be developed. We may not obtain the expected benefits of our investments if more advanced technologies are adopted by the market. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. Even if we adopt new technologies in a timely manner, the cost of such technologies may exceed their benefits.

We must continue to increase and improve the functionality, availability, and characteristics of our network, particularly by improving its bandwidth capacity and its 4G coverage to meet the growing demand for the services that require very-high-speed telephony and internet services as the telecommunications industry. We believe the scope of our 4G coverage under the existing NRAs is sufficient, and we do not expect considerable network capital expenditure on 4G investments. Regarding 5G frequencies, we have 80 MHz in the 3.5 GHz Band and we may bid for further spectrum in the 700 MHz band expected to be auctioned in the first quarter of 2021, though our decision on this matter will depend on the final conditions of this auction, which are currently unknown, and on whether a portion of the spectrum being auctioned is reserved for smaller operators like us. Although additional spectrum in the 700 MHz band is not needed for us to deliver 5G service to our customers, the September 2019 Orange Agreement contains a provision under which, if we do obtain 700 MHz frequencies and decide to roll-out radio equipment thereon, the minimum cost to us for national roaming services may be reduced by 45%.

In addition, we may not receive the necessary licenses to provide services based on these new technologies in the markets we operate in or may be negatively impacted by unfavourable regulation regarding the usage of these technologies. If we are unable to effectively anticipate, react to or access technological changes in the telecommunications market or to otherwise compete effectively, we could lose subscribers, fail to attract new subscribers or incur substantial costs and investments to maintain our subscriber base, all of which could have a material adverse effect on our business, financial condition and results of operations.

We may also be required to incur additional marketing and customer service costs in order to retain existing customers and attract them to any upgraded products and services we offer, as well as to respond to competitors' advertising pressure, and potentially more extensive marketing campaigns, which may adversely affect our margins. Any of the above occurrences could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Failure to protect our image, reputation and brands could have a material adverse effect on our business.

The brands under which we sell our products and services, including Yoigo, Masmovil, Euskaltel, Virgin telco and Lyca, are well recognized brands in Spain. We developed our brands through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. For a description of our brands and offers, see "*Description of Masmovil's Business—Overview of Our Service Portfolio.*"

Our success depends on our ability to maintain and enhance the image and reputation of our existing brands, products and services and to develop a favourable image and reputation for any new brands, products and services. The image and reputation of our brands, products and services may be adversely affected by several factors, including if concerns arise about (i) the quality, reliability and benefit/cost balance of our products and services, (ii) the quality of our customer service and support or (iii) our ability to deliver the level of service advertised, including in relation to connectivity and network speeds. For example, we have been involved in a criminal litigation claiming breach of privacy in connection with alleged unauthorized access of a Yoigo client's email from an IP managed by Yoigo prior to our acquisition of Yoigo and although we have been released of any claims and responsibility, any publicity around this litigation could damage our reputation. An event or series of events that threatens the reputation of one or more of our brands, or one or more of our products could have an adverse effect on the value of such brands or products and subsequent revenue therefrom. Restoring the image and reputation of our products and services may be costly and not always possible..

Our reputation and business could be materially harmed as a result of, and we could be held liable, including criminally liable, for, data loss, data theft, unauthorized access or successful hacking.

Our operations depend on the secure and reliable performance of our information technology systems as the nature of our business involves the receipt and storage of information relating to our customers and employees. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and are often not recognized until launched against a target. In addition, the hardware, software or applications we develop or procure from third-parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. We may be unable to anticipate these techniques or detect these defects, or to implement effective and efficient countermeasures in a timely manner.

We operate in an environment increasingly prone to cybersecurity risks. Cybersecurity threats may include gaining unauthorized access to our systems or inserting computer viruses or malicious software in our systems to misappropriate consumer data and other sensitive information, corrupt our data or disrupt our operations or otherwise use our systems and devices to carry out any other illegal activities. Unauthorized access may also be gained through traditional means such as the theft of laptop computers, data devices and mobile phones and intelligence gathering by employees with access. Further, our employees or other persons may have unauthorized or authorized access to our systems or take actions that affect our networks in an inconsistent manner with our policies or otherwise adversely affect our ability to adequately process internal information. As a result, we need to continue to advance our capacity to identify and detect technical threats and vulnerabilities and improve our ability to react to incidents. This includes the need to strengthen security controls in the supply chain as well as to place increased focus on security measures adopted by our key partners and other third-parties.

In order to prevent, detect or react in a timely and efficient manner to these or similar threats, several levels of security are implemented, such as the deployment and maintenance of top security technologies, a security operations centre monitoring a 24x7 critical vulnerabilities remediation plan, awareness training for all employees and an incident response plan. Despite all these security measures, however, new and sophisticated malware is constantly being developed and it is possible that systems are not updated on time.

If unauthorized third-parties manage to gain access to any of our information technology systems, or if such systems are brought down, unauthorized third-parties may be able to misappropriate confidential information, cause interruptions in our operations, access our services without paying, damage our computers or otherwise damage our reputation and business.

Multi-factor authentication is deployed for all authorized third-parties and an identity and access management project is taking place to make sure that no unauthorized party gains access to our information technology systems. Intentional or unintentional (accidental employee) misuse of authorized access can occur and we have there different countermeasures in place to stop or minimize the exfiltration of confidential data, including data loss prevention, database encryption or privilege access management systems and policies.

While we continue to invest in measures to protect our networks, as well as in procedures to allow us to respond properly to potential security breaches, any such unauthorized access to our systems could result in a loss of revenue, and in consequences under our agreements with content providers, all of which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, as an electronic communications services provider, we may be held liable for the loss, release or inappropriate modification or storage conditions of customer or other data which are carried by our network or stored on our infrastructure. In such circumstances, we could be held liable or be subject to litigation, penalties (including the payment of damages and interest) or adverse publicity that could have a material adverse impact on our reputation, business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

We are subject to regulatory requirements with respect to the protection of personal data and data security.

In the ordinary course of our business, we collect and process personal data. In the EU, we are subject to stringent regulations relating to the processing, transfer and storage of the personal data of natural persons, including, in particular, the General Data Protection Regulation (the "**GDPR**") and, in Spain, Organic Law 3/2018 on Protection of Personal Data and Guarantee of Digital Rights, which deals with the domestic implications of GDPR in Spain. The GDPR has been directly applicable in all Member States since May 25, 2018, replacing Directive 95/46/EC and current national data protection legislation in Member States, and was implemented in the EEA countries with effect from the same date. The GDPR significantly changes the EU/EEA data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with substantial administrative fines up to 4% of total worldwide annual turnover for the preceding financial year. The GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including with respect to the collection of potential damages.

The European Commission has proposed enhanced regulations concerning privacy and electronic communications (the "**e-Privacy Regulation**"), which would entail additional and stricter rules than those established under the GDPR in respect of the use of personal data from electronic communications. The e-Privacy Regulation would establish fines similar to those included in GDPR. These regulations may affect the development of innovative services that would draw on consumer data, potentially creating a competitive disadvantage for undertakings subject to both the GDPR and the e-Privacy Regulation.

Regardless of the measures we adopt to protect the confidentiality and security of data, the risk of possible attacks or breaches of data processing systems remains, which could harm our reputation and give rise to penalties, fines and damages. In addition, we could be compelled to incur additional costs in order to protect against these risks or to mitigate the consequences thereof, which could in turn have a material adverse impact on our business, financial position and results of operations. Furthermore, any loss of confidence on the part of our customers as a result of such events could lead to a significant decline in sales and have a material adverse impact on our business, financial condition, results of operations.

Our business may be negatively impacted by restrictions on customer access to mobile phone financing.

Like the other operators in our industry, we base part of our strategy for attracting and retaining customers on mobile phone financing offered to our subscribers by different financial institutions. In addition, in 2017, we entered into a consumer finance joint venture with the BNP Paribas Group to finance consumer purchases of mobile phones. Should consumers' access to mobile phone financing be more limited, or become more costly, in the future – for example as a result of adverse financial market conditions in the event of a recession or the COVID-19 pandemic causing lenders to tighten lending standards for consumer financing – consumers may be unable or unwilling to finance the purchase of handsets and other hardware from us and so may delay their purchase of our products or services, negatively impacting our sales, growth capacity and the generation of cash to cover our financial obligations. See "*—The impact of the COVID-19 pandemic on our business is uncertain and its effect on the Spanish economy and our customers*' behaviour constitutes a threat to our business, operating results, financial condition and prospects."

In addition, as a result of the recent economic slowdown in Spain and the general tightening of global financial market conditions caused by the COVID-19 pandemic, we may be restricted in our ability to finance consumer purchases at attractive rates of interest, or at all, through our joint venture arrangement with BNP Paribas Group, and may be exposed to costs related to increased rates of default under existing consumer financing through this joint venture.

We may be held liable for the contents hosted on our infrastructure.

Our networks carry and store large volumes of confidential, personal and business data, through both voice and data traffic. We store increasing quantities and types of customer data in both business and residential segments. Despite our best efforts to prevent it, we may be found liable for any loss, transfer, or inappropriate modification of the customer data or general public data stored on our servers or transmitted through our networks or for any illegal or unlawful use of the internet, any of which could involve many people and have an impact on our reputation, or lead to legal claims and liabilities that are difficult to measure in advance.

Accordingly, in our capacity as an internet and mobile service provider and host, we could be held liable for claims resulting from the content hosted on our infrastructure (specifically in connection with infringements by the press, invasion of privacy and breach of copyright) and thus face significant defence costs, even if liability for such claims was not established. The existence of such claims could also harm our reputation, which could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Our business is subject to risks of natural disasters, fire, power outages and other catastrophic events that can be further intensified due to the developing threat of climate change.

Our networks and operations may be subject to interruptions by natural disasters, including, but not limited to fire, floods, windstorms, earthquakes and other natural disasters, power outages terrorist acts, equipment and system failures, human errors and intentional wrongdoings, including breaches of our network and information technology security, all of which are events beyond our control.

As we operate in certain regions in which existing infrastructure and telecommunications equipment (such as cables and mobile towers) may not be able to withstand a major natural disaster and/or in which emergency response time may be significant, prolonged recovery time could be required to resume operations. Moreover, certain regions in which we operate are exposed to the developing threat of climate change and they may be affected by the environmental impact thereof, such as rising sea and air temperatures or extreme weather conditions which, in turn, could have an effect on the habitability of such territories and the cost and feasibility of providing telecommunications services. The effects of environmental disruption or other catastrophic events on our network infrastructure and equipment and on the economies of the regions in which we operate may have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Furthermore, unanticipated problems at our facilities, network or system failures or the occurrence of such unanticipated problems at the facilities, networks or systems of third-party local and long-distance networks on which we rely could result in reduced user traffic and revenue, regulatory penalties and/or penal sanctions or damages or require unanticipated capital expenditures. The occurrence of network or system failure could also harm our reputation or impair our ability to retain current subscribers or attract new subscribers, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our business is dependent on certain sophisticated critical systems, including exchanges, switches and other key network elements and our billing and customer service systems. The hardware supporting those systems is housed in a relatively small number of locations and if damage were to occur to any of these locations, or if those systems develop other problems, such events could have a material adverse effect on our business, reputation, financial condition and results of operations..

The loss of certain key executives and other personnel, failure to apply the necessary managerial and operational resources to our growing business or failure to sustain a good working relationship with employee representatives, including workers' unions, could harm our business.

We depend on the continued contributions of our senior management and other key personnel. There can be no assurance that we will be successful in retaining their services or that we would be successful in attracting, hiring and training suitable replacements without undue costs or delays.

Competition for qualified managers and personnel in our industry is intense and there is limited availability of persons with the requisite knowledge of the telecommunications industry and relevant experience in Spain and other countries where we can operate in the future (e.g. Portugal). As a result, the loss of the support of key executives and employees could cause disruptions in our business operations, which could materially adversely affect our business, financial condition and results of operations. In addition, any failure to apply the necessary managerial and operational resources to our growing business and any weaknesses in our operational and financial systems or managerial controls and procedures may impact our ability to produce reliable financial statements and may adversely affect our business, financial condition and results of operations.

We are exposed to the risk of strikes, work stoppages and other industrial actions. We cannot exclude that the Euskaltel Acquisition will adversely affect the Euskaltel Group's relationship with its employees. Although none of our employees currently belong to organized works councils, there can be no assurance that some employees will not form or join unions in the future. An increase in the number of our unionized employees could lead to an increased likelihood of strikes, work stoppages and other industrial actions. In addition, we face the risk of strikes called by employees of our key suppliers of materials or services as well as our installation providers, which could result in interruptions in the performance of our services. We cannot predict the extent to which future labour disputes or disturbance could disrupt our operations, cause reputational or financial harm or make it more difficult to operate our business, and could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

We depend on third parties to market, sell and provide a significant portion of our mobile and fixed line products and services. If we fail to maintain or further develop our distribution and customer care channels, our ability to sustain and further grow our subscriber base could be materially adversely affected.

Although we have a broad retail network of exclusive stores, the remainder of our mobile products and services are sold primarily through third-party distributors including public retail outlets most of which also distribute or sell products of our competitors. The distributors, retailers and sales agencies that we rely upon are not under our control and may stop distributing or selling our products at any time, for example as a result of financial difficulties including due to the COVID-19 pandemic, or otherwise. Should this occur with particularly important distributors, retailers or agencies, we may face difficulty in finding new distributors, retailers or sales agencies that can generate the same level of revenue. In addition, distributors, retailers and sales agencies that also distribute or sell competing products and services may more actively promote the products and services of our competitors than our products and services.

In addition, some of our call centres are outsourced to third-parties that serve our subscribers and there can be no assurance that such third-parties will always provide our customers with the care that we would provide them with. Further, if these contracts were terminated, we would have to find replacement services elsewhere, and the quality of such replacements could diminish the quality of our services to our customers.

We intend to opportunistically develop our distribution channels, particularly in the small office/home office ("**SOHO**") and small and mid-size enterprises ("**SME**") segments, which may require significant capital expenditures. If we fail to maintain or expand our direct and indirect distribution presence, our ability to retain or further grow our market share could be adversely affected, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites, mobile handsets and other mobile and wireless telecommunications devices. We cannot assure you that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile and wireless telecommunications devices, press reports about risks or consumer litigation relating to such risks could adversely affect the size or growth rate of our subscriber base and result in decreased mobile usage or increased litigation costs.

These health concerns may cause authorities in Spain to impose stricter regulations on the construction of base stations or other telecommunications network infrastructure. In particular, public concern over actual or perceived health effects related to electromagnetic radiation may result in increased costs related to our networks, which may hinder the completion or increase the cost of network deployment, reduce the coverage of our network and hinder the commercial availability of new services. Current initiatives from certain activists groups against 5G deployment and the construction of more antennas with higher frequency emissions and the reaction of some politicians and authorities on a cantonal and communal level may have a negative impact on our network and our customer base. If actual or perceived health risks were to result in decreased mobile usage, increased consumer litigation or stricter regulation, our business, financial condition and results of operations could be materially and adversely affected.

We are also subject to a variety of laws and regulations relating to land use and the protection of the environment, including those governing the storage, management and disposal of hazardous materials and the clean-up of contaminated sites. We could incur substantial costs, including clean-up costs, fines, sanctions and third-party claims for property damage or personal injury, as a result of violations of, or liabilities under, such laws and regulations, which could have a negative impact on our future operations and could materially and adversely affect our business, financial condition and results of operations.

Claims of third parties that we infringe their intellectual property could harm our financial condition, and defending intellectual property claims may be expensive and could divert valuable company resources.

We operate in an industry characterized by frequent disputes over intellectual property. As the number of convergent product offerings and overlapping product functions increase, the possibility of intellectual property infringement claims against us may correspondingly increase. Any such claims or lawsuits, whether with or without merit, could be expensive and time consuming to defend, could cause us to cease offering our licensing services and products that incorporate the challenged intellectual property, or could require us to develop non-infringing products or services, if feasible, which could divert the attention and resources of technical and management personnel. In addition, we cannot assure you that we would prevail in any litigation related to infringement claims against us. A successful claim of infringement against us could result in a requirement to pay significant damages, cease the development or sale of certain products and services that incorporate the challenged intellectual property, obtain licenses from the holders of such intellectual property, which may not be available on commercially reasonable terms, or otherwise redesign those products to avoid infringing upon others' intellectual property rights.

Moreover, we consider certain of our registered trademarks and trade names, including "Masmovil," "Pepephone" and "Yoigo" to be material to our business, the infringement of which could harm our reputation and lead to decreased subscribers and revenue, which could have a material adverse effect on our business, financial condition and results of operations.

1.2. Risks relating to Legislative and Regulatory Matters

Any failure to comply with license conditions may jeopardize our licenses, which are required to operate our business and our networks.

We hold a number of licenses required to operate our mobile and other services in Spain, including spectrum access license in the 3500 MHz, 2600 MHZ, 2100 MHz and 1800 MHz bands. These licenses are subject to certain conditions, including the payment of an annual spectrum fee for each license, and are also subject to periodic renewal and review procedures. In addition, our existing license in respect of spectrum in the 2100 MHz band contains certain commitments. As of the date of this Information Memorandum, the only commitment thereunder which has not yet been achieved is that to reach a population coverage across Spain of 95%. This commitment must be fulfilled by December 2021 and is currently guaranteed by a €39.9 million bank guarantee held by the Bank of Spain which also covers another commitment in respect of spectrum in the 2100 MHz band that has already been achieved. The review of our performance under the 95% coverage commitment is currently under review by the Spanish government, and we face a €450,000 penalty in the event that we are deemed not to have achieved the target by December 2021, which would directly be offset against the Bank of Spain guarantee.

Any failure to meet license conditions may jeopardize our licenses. If we cannot meet license conditions, there can be no assurance that the licenses will not be withdrawn. Furthermore, in the event of failure to pay annual spectrum fees or non-compliance with other license conditions, fines of up to €2 million may be imposed on us. In addition, we may not be able to renew all our licenses when they expire on commercially favourable terms or at all, which could limit our ability to provide mobile or other services in certain regions or for certain periods or at all, and materially adversely affect our business, financial condition and results of operations.

We are subject to significant government regulation and supervision, which could require us to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business.

Our activities as a fixed line, mobile operator and internet services operator are subject to regulation and supervision by various regulatory bodies, including local and national authorities. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business. Complying with existing and future laws and regulations may increase our operating and administrative expenses, restrict our ability or make it more difficult to implement price increases, affect our ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenue. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favourable conditions for other operators or increasing competition. There can be no assurance that the provision of our services will not be subject to greater regulation in the future. Furthermore, a failure to comply with the applicable rules and regulations, including those imposing reporting obligations or requiring registration and/or enrolment in lists held by competent authorities, could result in penalties, fines, restrictions on our business or loss of required licenses or other adverse consequences.

The regulations applicable to our businesses include, among others:

- price regulation for certain of the services we offer, including regulation on exit fees, roaming fees and cancellation charges;
- rules promoting the elimination of surcharges for international roaming within the European Union;
- rules governing the interconnection between different telephone networks and the interconnection rates that can be charged by or to us;
- requirements that, under specified circumstances, a cable system carries certain broadcast stations or obtains consent to carry a broadcast station;
- rules for authorizations, licensing, acquisitions, renewals and transfers of licenses and franchises;
- requirements to provide or contribute to the provision of certain universal services;
- rules and regulations relating to subscriber privacy and data protection;
- rules and regulations relating to our networks, including imposed universal access obligations, co-installation and co-location obligations (including submarine cable landing stations), right of way and ownership considerations;
- rules governing the copyright royalties;
- requirements on portability; and
- other requirements covering a variety of operational areas such as equal employment opportunity, emergency alert systems, disability access, technical standards, environmental standards, city planning rules and customer service and consumer protection requirements..

Furthermore, in light of the COVID-19 pandemic, the Spanish government has prescribed detailed guidelines to maintain social distancing and hygiene measures to prevent the spread of COVID-19 in our customer and employee premises. If additional or more stringent measures were to be imposed in the future, will increase, the burden on management of such premises and could also lead to findings of material breaches and related enforcement action for failures to comply with such requirements, which could adversely affect our operating results and, in turn, adversely affect our financial condition and prospects.

Some of the regulations applicable to our operations within the EU often derive from EU directives. The various directives require Member States to harmonize their laws on communications and cover such issues as access, user rights, privacy and competition. These directives are reviewed by the EU from time to time and any changes to them could lead to substantial changes in the way in which our business in the relevant jurisdictions is regulated and to which we would have to adapt.

In Spain, the *Ministerio de Asuntos Económicos y Transformación Digital* (the "**MAETD**" or the "**Ministry**") (formerly named *Ministerio de Economía y Empresa* ("**MINECO**")) regulates and controls electronic telecommunications networks and services. The main role of the MAETD, through the *Secretaría de Estado de Telecomunicaciones e Infraestructuras Digitales* ("**SETID**") and, in particular, the *Dirección General de Telecomunicaciones y Ordenación de los Servicios de Comunicación Audiovisual* (General Directorate of Telecommunications and Regulation of the Services of Audiovisual Communication), is to establish policies and issue standards regarding electronic telecommunications networks and services, as well as sanction electronic and audiovisual communications operators when necessary. Under the *Ley General de Telecomunicaciones* (the "**LGT**"), the powers of the Ministry include appointing the operators responsible for providing universal service (which is currently Telefónica), verifying that the operators comply with the obligations of public service, approving certain standard agreements with users (such as those agreements subject to public service obligations) and certain powers to protect user rights. The Ministry also manages equipment and device compliance and the public domain radio spectrum.

Presently, the independent supervisory body for electronic communications operators is CNMC, which was created in June 2013. The purpose of the CNMC is to guarantee, preserve and promote the correct functioning, transparency and existence of effective competition in all markets, including the electronic and audiovisual communications markets, for the well-being of consumers and users. In addition to controlling and monitoring certain markets, the CNMC retains powers previously exercised by the *Comisión Nacional de Competencia*, such as the prevention of monopolies and business concentrations and the identification of operators required to contribute to the Spanish "National Fund for the Electronic Communications Universal Service" (*Fondo Nacional del Servicio Universal de Comunicaciones Electrónicas*, abbreviated as "**FNSU**"). The FNSU funds the so-called "universal service" (*servicio universal*), which covers the deployment of telecommunications networks across the entire Spanish territory, including non-profitable areas, the maintenance of telephone boxes, the delivery of telephone directories services for people with disabilities and, since 2012, the delivery of broadband access. Any change to the current regulatory framework or other decision adopted by the CNMC could alter the current market conditions and, therefore, represent a risk for us and for all other stakeholders in the national telecommunications market. For more details on the current regulatory framework, see "Regulation."

In Spain, the CNMC retroactively calculates and approves the net cost of providing this universal service on a yearly basis (for instance, in April 2020 the CNMC approved the net cost of the universal service for 2017), according to a statutory methodology whereby such "net cost" is calculated by deducting benefits, including non-cash benefits (*beneficios no monetarios*) and public subsidies linked to providing the universal service from the investments and costs related to providing this universal service.

Pursuant to the LGT of 2014, operators with revenue that exceeds €100.0 million may be asked to contribute to the financing of the net cost of the universal service through the FNSU managed by the CNMC. In the most recent years for which the CNMC has calculated and approved the net cost of the universal service, Yoigo or Euskaltel have been among the operators which are required to contribute to such net cost. Although the portion of the net cost to be financed by Yoigo and Euskaltel were not material for 2016 (€480,741 and €211,689, respectively, which represented 2.9% and 1.3% of the total amount of the FNSU, respectively) and the aggregate amount to be funded by all major Spanish operators has decreased over the last years (see *"Regulation—Regulatory framework. Regulation of electronic communication services—Universal service*"), our contribution to the FNSU may increase in the future for the years 2017 onwards if our growth in turnover requires us to contribute a greater portion of the total amount to be contributed by all major operators to the FNSU for each relevant year.

Any of the aforementioned regulatory risks could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes..

We are subject to anti-trust regulations which may restrict our ability to make certain corporate acquisitions or acquire certain assets.

We are subject to antitrust rules and regulations and are, from time to time, subject to review by authorities that monitor monopoly power in any of the markets in which we operate. To the extent that we are deemed by relevant authorities to exhibit significant market power, we can be subject to various regulatory obligations adversely affecting our results of operations and profitability. Regulatory authorities may also require us to grant third-parties access to our bandwidth, frequency capacity, facilities or services to distribute their own services or resell our services to end-customers. No assurance can be given that we will not be identified as having significant market power in any relevant markets in the future and that we will not be subject to additional regulatory requirements.

We face risks arising from the outcome of various criminal, civil, administrative and regulatory proceedings.

From time to time, we are party to litigation and other legal or regulatory proceedings, claims or investigations, including by governmental bodies, licensing authorities, customers, suppliers, competitors, former employees, class action plaintiffs and others. From time to time, we may also become involved in litigation matters pending against or related to entities that we acquire. Some of the proceedings against us may involve claims for considerable amounts and may require that our general management devote time to address the issues raised to the detriment of managing the business. In addition, such proceedings may result in substantial damages or fines and/or may impair our reputation, which could have a material adverse effect on our business and reputation. We may also be exposed to proceedings with our independent distributor partners, as well as other telecommunications operators. See "*Description of Masmovil's business—Legal Proceedings" and "Description of the Business of the Euskaltel—Legal Proceedings*."

We are currently involved in litigation with the third party minority shareholder of Onlycable. We have initiated proceedings against the minority shareholder, Rodavlas Inversiones, S.L. ("**Rodavlas**"), among others, seeking the enforcement of our drag-along rights over its minority shareholding. In response to our proceedings, Rodavlas has also initiated proceedings against us and is seeking recognition of an alleged call option right to purchase our majority shareholding in Onlycable. We cannot assure you of the outcome of these proceedings. Any adverse decision or a delay in the resolution of these proceedings would not allow us to proceed with the consolidation of Onlycable into the business of the Group and realize the related cost synergies.

We regularly perform a risk assessment in respect of each open claim, litigation and proceeding and, as of June 30, 2021, we had made a provision in our financial statements in the amount of €5.1 million (in addition to €2.8 million made by the Euskaltel Group) based on the estimated level of risk and the expected outcome of the proceedings. However, we cannot assure you that the costs associated to any of the proceedings we are involved in will not exceed the amounts reserved for them, and cash or non-cash charges to earnings may result in the event that these matters are unfavourably resolved. The outcome of these proceedings and claims could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

We are required to comply with the anti-corruption laws and regulations of the jurisdictions where we conduct our operations, and in certain circumstances, with laws and regulations having extraterritorial effect such as the US Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010. The anti-corruption laws generally prohibit, among other conduct, providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we may deal with entities, the employees of which are considered government officials.

Additionally, our operations may be subject to economic sanctions programs and other forms of trade restrictions ("**sanctions**") including those administered by the United Nations, the European Union and the United States, covering the US Treasury Department's Office of Foreign Assets Control. As we provide telecommunications services to our clients when they travel to other countries (i.e. roaming), we therefore generate income in some sanctioned countries (in particular, Cuba, Crimea and Venezuela). Without this service, our clients would not have access to telecommunications services when travelling to such countries. We have a system that controls and maps the revenue coming from sanctioned countries ensuring compliance with sanction regulations and anti-corruption laws and regulations.

In the case of Iran, our bilateral service, which was provided directly between Xfera Móviles, S.A.U. and the Iranian operator (MTN Irancel Telecommunications Services Co.), was terminated by Xfera Móviles, S.A.U. in October 2020. As a result, the Group currently does not generate any income in or from Iran.

In the case of Cuba, the service is provided directly between Xfera Móviles, S.A.U. and the Cuban operator (Empresa de Telecomunicaciones de Cuba S.A.). Revenue from Cuba are channelled through Syniverse Technologies S.à r.l., which acts as a financial clearing house. On October 14, 2020, we notified OFAC of our intention to continue to provide Cuba-related services pursuant to CFR 515.542 (b) and (c).

Although we have internal policies and procedures in place designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, there can be no assurance that such policies and procedures will be sufficient or that our employees, directors, officers, partners, agents and service providers will not occasionally take actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which we may ultimately be held responsible. Violations of anti-corruption laws and sanctions regulations could lead to financial penalties and to exclusion from government contracts and could have a material adverse effect on our reputation, business and results of operations..

We may not be able to apply all tax losses and/or tax credits reflected on our consolidated statement of financial position.

For the year ended December 31, 2020, we recorded aggregated tax assets of €310.1 million, of which €267.4 million are in connection with certain tax losses *(activos por impuesto diferido reconocido por créditos por pérdidas a compensar*) incurred in previous years and €42.7 million in connection with certain deferred tax assets. Such value has been determined in compliance with the applicable accounting rules. The registration is supported by, among others, our estimates of future taxable income. Should our future results materially deviate from such estimates, accounting rules will require us to register an impairment of such tax assets, which could have a material adverse effect on our financial condition, business and results of operations.

Likewise, for the year ended December 31, 2020, Euskaltel recorded aggregated tax assets of €143.1 million in connection with certain tax credits (*activos por impuesto diferido reconocido por deducciones activadas pendientes de aplicar*) generated in previous years.

Our ability to apply the resulting tax losses and/or tax credits is conditional upon sufficient profit being generated in the coming financial years. We may fail to achieve sufficient profit to realize the full value of the tax assets reflected on our consolidated statement of financial position. No corporate tax impact in connection with the impairment of any tax assets recognized in the historic period is expected to take place.

Spanish tax legislation may restrict the deductibility, for Spanish tax purposes, of a portion of the interest on our indebtedness, thus reducing the cash flow available to service our indebtedness.

Spanish Law 27/2014, of November 27, 2014 on Mainland Corporate Income Tax (the "**Mainland CIT Law**") and Basque Law 11/2013, of 5 December, 2013, on Basque Corporate Income Tax (the "**Basque CIT Law**") contain a general limitation on the deductibility of net financial expenses incurred by a Spanish or Basque, as applicable, Corporate Income Tax ("**CIT**") taxpayer (or by the CIT consolidated group to which such entity belongs) exceeding 30% of its annual operating profit (defined as EBITDA, subject to certain adjustments); with €1 million being deductible in any case for Spanish CIT taxpayers and €3 million being deductible in any case for Basque CIT taxpayers. Deductible interest after the application of these limitations is referred to as the "**Maximum Threshold**."

The apportionment of non-deducted interest in a given fiscal year may be deducted indefinitely in the following fiscal years, subject to the Maximum Threshold in each subsequent fiscal year. If, conversely, the amount of net financial expenses in a given fiscal year is below the Maximum Threshold, the difference between the net financial expenses deducted in that year and the Maximum Threshold may increase such Maximum Threshold in the immediate subsequent five years.

These rules, and in particular, a potential decrease in the EBITDA obtained in the subsequent fiscal years both at the level of the Mainland and Basque CIT tax groups, could impact our ability to deduct interest paid on indebtedness could increase our tax burden and therefore negatively impact our business, financial position, results of operation and prospects.

In addition, both Mainland and Basque CIT Laws provide for an additional limitation on the deductibility of certain financial expenses incurred for the acquisition of shareholding in Spanish entities when, among others, such acquired entities will be subject to Spanish or Basque CIT, as applicable, on a consolidated basis, with the acquiring entity during the tax periods beginning within the four years following the acquisition (the "**LBO Rules**"). The deductibility of net interest expenses incurred in connection with the acquisition of Spanish entities, as per the preceding sentence, would be limited up to 30% of the annual operating profit of the acquiring CIT taxpayer (or by the CIT consolidated group to which such acquiring entity belongs) excluding the operating profit of the acquired entity and its subsidiaries. The above limitation will not apply if the debt financing the acquisition does not exceed 30% of the purchase price of the acquired entity or, if higher, the debt financing the acquisition does not exceed 70% of the purchase price of the acquired entity and such debt is reduced, proportionally on an annual basis, during the eight years following the acquisition so that such acquisition debt does not exceed 30% of the purchase price of the acquired entity by the eighth anniversary of the acquisition.

In the case at hand, as a result of the Euskaltel Acquisition, the Spanish Euskaltel entity (R Cable) will mandatorily be included in the existing Mainland CIT consolidated group to which the Issuers belong, as Bidder has acquired the entire share capital of the Euskaltel. Thus, as the debt allocated to the Mainland existing CIT consolidated group financing the acquisition of the Euskaltel would be above 70%, the above limitation would apply with respect to the annual operating profit generated by R Cable when included within the CIT group (i.e. such annual operating profit would be excluded as described above). The Issuers expect the application of this limitation with respect to the annual operating profit generated by R Cable to be minimal and does not expect it to have any adverse consequences.

Likewise, as a result of the Euskaltel Acquisition, the Euskaltel entities (Euskaltel, S.A. and EKT Cable y Telecomunicaciones, S.L.U.) will form a new Basque CIT consolidated group with the Bidder. As the latter has obtained debt financing for the acquisition of the Euskaltel, LBO Rules could be applicable. However, to the extent the acquisition debt at the level of Kaixo Telecom, S.A.U. is below 30%, the above limitations would not apply with respect to the annual operating profit generated by Euskaltel, S.A. and EKT Cable y Telecomunicaciones, S.L.U. when included within the new Basque CIT group.

The Issuer may be member of a tax consolidated group for Spanish and Basque CIT purposes and may be exposed to additional tax liabilities..

As Kaixo Telecom has acquired the entire share capital of the Euskaltel we expect that the Bidder and the Euskaltel entities (Euskaltel, S.A. and EKT Cable y Telecomunicaciones, S.L.U., that will be deemed as controlled entities, as further described below) will form a Basque consolidated group as from the fiscal year starting January 1, 2022 (the "**Basque New CIT Group**"). The formation of the Basque New CIT Group will require board resolutions to be taken at the "controlling entity" and all the Basque companies in the consolidation perimeter and an election will have to be made for the new tax consolidation.

Likewise, Kaixo Bondco Telecom, S.A.U. will join the existing consolidated group of Masmovil's subsidiaries in mainland (*territorio común*) Spain (the "**Mainland CIT Group**") as from its incorporation (March 24, 2021) and R-Cable will join the consolidated group as from January 1, 2022. The inclusion of these companies in the existing Mainland CIT Group will require board resolutions to be taken at both companies applying for the inclusion in the existing tax consolidation group.

Under the provisions of both Mainland and Basque CIT Laws, all Spanish-resident entities that may be deemed to be "controlled entities" of any given non-Spanish-resident "controlling entity" must be mandatorily included in the CIT group headed by such non-Spanish-resident "controlling entity." A "controlling entity" will be the ultimate legal entity in the corporate chain (which cannot be a look- through entity and must be subject to, and not exempt from, a tax similar to CIT) holding a direct or indirect participation of at least 75% in the share capital, and the majority of the voting rights of, the Spanish-resident "controlled entities." A "controlling entity" must not be resident in a jurisdiction regarded as a tax haven for Spanish tax purposes.

All entities belonging to a CIT group will be taxed on a consolidated basis, and will be jointly and severally liable for the payment of the CIT Group's CIT debts (other than penalties). Any tax audit initiated in respect of a standalone entity member of the CIT Group will interrupt the statute of limitations applicable in respect of the entire group. Furthermore, tax credits, deductions and allowances generated by a member of the CIT Group (which may ultimately reduce the CIT burden of another group member in comparison with the CIT amount that would have been due if such entity was taxed on a standalone basis) will normally give rise to accounts receivable and payable among the entities that are members of the CIT Group. However, the entity primarily liable vis-à-vis the Spanish tax authorities for the payment of the CIT due by the CIT Group will be the company appointed as the representative entity of the group. Such representative entity will need to procure that the members of the tax consolidated group settle such accounts receivable and payable in order to be able to fund any payment to the tax authorities.

The "controlling entity" of both the Mainland and Basque CIT groups is/will be, respectively, Lorca Aggregator Limited ("**Lorca Aggregator**"), an entity incorporated under the laws of Jersey and resident for tax purposes in the United Kingdom, which indirectly holds approximately 88% of the share capital and the voting rights of Bidco. Lorca Aggregator is ultimately owned mostly by the Sponsors. If the "controlling entity," any intermediate holding company, Kaixo Telecom or Lorca Bidco ever hold, directly or indirectly, any other shareholding in a Spanish-resident entity eligible to be a "controlled entity," such Spanish-resident entity will be included in the Mainland and/or Basque CIT Groups (depending on its/their tax residence), mandatorily. Lorca Bidco has been appointed as the representative entity of the existing Mainland CIT Group. It is expected that Kaixo Telecom will be likely be appointed as the representative of the Basque CIT Group.

Any of these companies may enter into transactions that may potentially give rise to ongoing CIT liabilities for such CIT Groups vis-à-vis the Spanish tax authorities, and which may, to the extent that they fail to reimburse the Issuer for such CIT liabilities, cause a material adverse impact on the business and operations of the Issuer, as the case may be.

It is expected that the Sponsors will procure that any Spanish subsidiary enters into a tax consolidation agreement ("**TCA**"), providing a mechanism to ensure the settlement of any accounts payable and receivable derived, directly or indirectly, from the applicability of the Spanish Mainland/Basque consolidated CIT regime. Prospective investors should note that any other Spanish-resident entity to be directly or indirectly controlled by the "controlling entity," may cause the Issuer and the Issuer's subsidiaries to be exposed to additional Spanish CIT liabilities, and that the effects of such additional CIT burden may not be effectively and fully mitigated by the TCA. In particular, prospective investors should note that they will have no rights under the TCA, and there may be no assurance that the TCA provisions are complied with or duly enforced, or that the Sponsors will effectively guarantee their fulfilment.

Changes in tax legislation and other circumstances that affect tax calculations could adversely affect us.

We are subject to taxation and complex tax laws in Spain as a result of the scope of our operations and our corporate and financing structure. Changes in tax laws or regulations, could adversely affect our tax position, including our effective tax rate, tax payments or increase the costs of our services to track and collect such taxes, and have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments under the Notes and our other indebtedness. For example, we are aware of several initiatives by different authorities directed at telecommunications operators, intending to levy certain municipal taxes for use of the public domain.

In addition, new laws and regulations relating to taxes may be enacted imposing new taxes, or some amendments may be introduced to the existing laws and regulations. As an example, although not expected, the current Basque participation exemption for dividends and capital gains which currently foresees a 100% exemption could be amended to align it with the changes introduced in the Spanish Mainland CIT tax regime, which foresees a 95% limitation on exempt income, resulting in an effective tax rate on dividends and capital gains of 1.25%. Likewise, access to the financial goodwill amortization relief foreseen in the Basque tax regime, which allows Basque tax resident companies to take a tax deduction on the financial goodwill deriving from the acquisition of companies, could also be revoked in line with the Spanish Mainland CIT tax laws. These potential changes to the existing tax laws could have a material adverse effect on our tax position.

In addition, we are also subject to taxes imposed by regional authorities.

The nature and timing of any amendments to tax laws and the impact on our future tax liabilities cannot be predicted.

Tax disputes, tax audits and adverse decisions rendered by tax authorities may expose us to substantial tax liabilities which could materially impact our business and reputation.

Spanish tax authorities periodically examine our activities. We often rely on generally available interpretations of applicable tax laws and regulations, including interpretations made by the relevant tax authorities and courts of law. Although we believe that we have adequately assessed and accounted for our potential tax liabilities, and that our tax estimates are reasonable, there cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws, nor, as the case may be, that such tax authorities or courts will not depart from their prior criteria.

The tax authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions. As a result of any future audit, inspection or investigation, the relevant tax authorities could challenge the tax treatment of any of our transactions and additional taxes could be identified, which could lead to a substantial increase in our tax obligations (including any accrued interest and penalties), either as a result of the relevant tax payment being levied directly on us or as a result of becoming liable for tax as secondary obligor due to a primary obligor's failure to pay. If such tax audits, inspection, investigations or challenges result in decisions that are unfavourable to us, we may be required to pay settlement amounts, interests, fees or penalties, which may adversely impact our business, financial condition and results of operations, and ultimately impact our ability to service or otherwise make payments under the Notes and our other indebtedness.

We are and may in the future, become a party to certain performance bonds, guarantees or other off-balance sheet arrangements that may have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

As of June 30, 2021, our off-balance sheet arrangements included €39.9 million of guarantees in connection with certain administrative contracts that awarded Xfera Móviles, S.A.U. the B2 licenses required to render 3G mobile telephone service, €134.2 million of guarantees in relation to corporate operations, the lease of premises, business agreements and a number of appeals we filed against decisions by local corporations and public bodies to increase fees for reserving the radio public domain for the 3.5 GHz Band (where we are required to provide a bank guarantee pending the decision of the court on the increase of the fees). These arrangements are a result of certain of our licenses, legal proceedings and supplier contracts that require that we post performance bonds or guarantees issued by banks or insurance companies in order to guarantee certain legal and/or contractual obligations. Notably, we post guarantees in connection with the award of certain administrative contracts and for general corporate purposes, including the lease of premises and ongoing litigation. We have also recognized a provision for commercial transactions (*provisión para operaciones comerciales*) of €11.2 million as of June 30, 2021 as part of the terminal financing model offered by Xfera Móviles, S.A.U. for the purchase of terminals, allowing us to guarantee any defaults by our customers thereunder. Such provision may not be sufficient and we may not be able to recover any payments made under our customer guarantees or at all. We cannot be sure that we will be able to provide these bonds or guarantees in the amounts or durations required or for the benefit of the relevant counterparties. Our failure to comply with these requests could reduce our capacity to conduct business or perform our contracts. In addition, if we do provide these bonds or guarantees, the relevant counterparties may call upon them under inopportune circumstances or circumstances that we believe to be improper, and we may not be able to challenge such actions effectively in local courts.

We offer our customers financing, using our own funds or through agreements with financial institutions, for the purchase of terminals as part of a subscription to telecommunications services. In the case of financing through financial institutions, we extend guarantees on behalf of our customers to cover potential defaults on the loan repayments, which is why we recognize a provision for commercial transactions on our statement of financial position. Financing through financial institutions amounted to €124.8 million as of June 30, 2021, compared to €141.5 million as of December 31, 2020, €165.6 million as of December 31, 2019, and €182.0 million as of December 31, 2018.

We may also, from time to time and in the course of our business provide other performance bonds and guarantees and enter into derivative and other types of off-balance sheet transactions that could result in income statement charges. Our reserves for these types of obligations and liabilities may be inadequate which could cause us to take additional charges that could be material to our results of operations.

We may incur liabilities that are not covered by insurance.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. As a result of market conditions, premiums and deductibles for insurance policies can increase substantially, and in some instances, certain insurance policies may no longer be available, may be available but not economically viable relative to the liability to be insured against or may be available only for reduced amounts of coverage. While we maintain insurance in amounts we believe to be appropriate against risks commonly insured against in the industry, there can be no guarantee that all such risks are covered by insurance or that we will be able to obtain the levels of cover desired by us on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that we may incur liabilities to customers and other third-parties which exceed the limits of the insurance cover or are not covered by it at all. In addition, our existing insurance policies do not cover any losses arising from business interruptions due to the COVID-19 pandemic, war, terrorism or other epidemic or pandemic risks. Should such a situation arise, it may have a material adverse impact on our business, financial condition and results of operations. See "*Description of Masmovil's Business—Insurance*."

1.3. Risks Relating to the Euskaltel Acquisition

The Euskaltel Group may have liabilities that are not known to us or greater than anticipated.

The Euskaltel Group may have liabilities that we failed or were unable to discover in the course of performing due diligence investigations in connection with the Euskaltel Acquisition. We may learn of additional information about Euskaltel and its subsidiaries that adversely affects us, such as unknown or contingent liabilities and issues relating to compliance with applicable laws and regulations. For example, we could become liable for overdue payables of the Euskaltel Group to suppliers and employees that are not currently known to us, or we could become subject to tax or pension liabilities in respect of historical periods that we are not currently aware of or the amount of which we underestimated. In conducting our due diligence, we have been required to rely on resources available to us, including public information and information provided by the sellers and third-party advisers. In addition, our due diligence provided for materiality thresholds, a limited scope and a restricted perimeter. There can be no assurance that the due diligence we have undertaken has revealed or highlighted all relevant facts necessary or helpful in evaluating the Euskaltel Acquisition. Furthermore, there can be no assurance as to the adequacy or accuracy of information provided during the due diligence exercise. The due diligence process is inherently subjective. If the due diligence investigation failed to identify material information regarding the Euskaltel Group, we may later be forced to write down or write off certain assets, significantly modify the business plan or incur impairment or other charges. Similarly, the materialization of certain risks, which may or may not have been identified during due diligence, may lead to a loss of property, loss of value and, potentially, subsequent contractual and statutory liability to various parties.

Any of these events, individually or in the aggregate, could have a material adverse effect on the business of Euskaltel, or on the financial condition and results of operations of the Issuers and our ability to fulfil our obligations under the Notes.

The Euskaltel Acquisition may entitle our customers and certain other business partners of the Euskaltel Group to terminate their agreements as a result of change of control provisions, and may also impact our work quality and retention.

The Euskaltel Acquisition may constitute a change of control under certain agreements entered into by the Euskaltel Group, such as commercial agreements with some of its suppliers, and may entitle these third-parties to terminate their agreements with us or, in some cases, request adjustments and financing arrangements of the terms of the agreements. We cannot exclude the possibility that some of these third-parties may exercise their termination, adjustment or other rights, which could have a material adverse effect on our business, results of operations and financial position following the Euskaltel Acquisition. In addition, some of the third-parties may use their termination or adjustment rights to renegotiate the terms of the agreements to our detriment and may benefit from stronger bargaining power, as a result of which the Euskaltel Group may only be able to secure replacement contracts on less favourable terms or at all.

Furthermore, the Euskaltel Acquisition itself has required, and will likely continue to require, substantial time and focus from management, which could adversely affect management's ability to operate the business. Likewise, employees may be uncomfortable with the Euskaltel Acquisition or feel otherwise affected by it, which could have an impact on work quality and retention. See also "*—Risks Relating to Our Business and Industry—The Euskaltel Acquisition may prove unsuccessful or strain or divert our resources.*"

1.4. Risks Relating to Our Indebtedness and Financial Information

Our substantial leverage and debt service obligations, which may increase in the future, could materially adversely affect our business, financial position and results of operations and preclude us from satisfying our obligations under the Notes and the Notes Guarantees.

After completion of the Erik Transactions, we will be highly leveraged and have significant debt service obligations.

As of June 30, 2021, on a pro forma basis after giving effect to the Erik Transactions, we would have had total third-party financial indebtedness outstanding in the amount of €7,449.3 million, including €2,850.0 million in aggregate principal amount of the Senior Long-Term Notes, €3,200.0 million in aggregate principal amount of the Senior Long-Term Facilities, €204.6 million under the Shareholder Loans and excluding €500.0 million available for drawing under the revolving facility of up to €500.0 million established in 2020 (the "**RCF1**"), €250.0 million available for drawing under the revolving facility of up to €250.0 million established in 2021 (the "**RCF2**") and €49.7 million of unsecured working capital bilateral facilities of the Euskaltel which were undrawn as of June 30, 2021. In addition, in connection with the Euskaltel Acquisition, we have also drawn €500 million under a certain asset bridge facility (the "**Asset Bridge Facility**"), which we expect to repay in full from the proceeds of the Netco Asset Disposal (as this term is defined in section 2.9.3. below). We anticipate that we will continue to be highly leveraged for the foreseeable future. See "*Capitalization," "Description of Certain Financing Arrangements," "Description of the Senior Secured Long-Term Notes" and "Description of the Senior Long-Term Notes.*"

Furthermore, we may incur substantial additional debt in the future. Although the Senior Long-Term Facilities Agreement and the Indentures contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our existing debt levels, the related risks that we now face would increase. Increases in our total indebtedness could also lead to a downgrade of the ratings assigned to the Group or the Notes, which could negatively affect their trading price. In addition, the Senior Long-Term Facilities Agreement and the Indentures do not prevent us from incurring obligations that do not constitute indebtedness under those agreements. Our current or future leverage could prevent us from generating sufficient cash to pay the principal, interest or any other amounts that become due and payable under our indebtedness, including the Notes. The terms of the Indentures and the Senior Long-Term

Facilities Agreement will permit, under certain circumstances, the incurrence of substantial additional indebtedness by the Issuer and its subsidiaries, including the Group's operating companies and the proceeds from such indebtedness may be used, among others, to finance shareholder dividends reducing our liquidity while increasing our leverage.

Our significant leverage could have important consequences for our business and operations including, but not limited to:

- result in our inability to maintain one or more of the financial ratios under our debt agreements, which could trigger the early maturity of part or all our debt;
- place us at a competitive disadvantage compared to competitors with lower leverage and better access to third-party financing sources;
- increase the costs of current and future loans;
- limit our capacity to access new debt and promote necessary investment, or our ability to withstand adverse market conditions, including an economic downturn due to the impact of the COVID-19 pandemic; or
- force us to increase our capital stock or to divest specific strategic assets to service our debts or comply with the commitments under such debts.

It is important to note that **most of the principal amount of our financial debt falls due in 2027** as a single payment upon the maturity of the TLB and the repayment of the principal amount of the Senior Secured Long-Term Notes . Other significant amounts of debt are expected to mature prior to the Commercial Paper Notes to be issued under the Programme, including €204.6 million of Shareholder Loans, which pursuant to an agreement dated May 24, 2021, may be repaid on or after September 30, 2022.

We are subject to restrictive covenants that limit our operating and financial flexibility.

The Indentures and the Senior Long-Term Facilities Agreement contain covenants which impose significant operating and financial restrictions on us. These agreements limit our ability to, among others:

- incur or guarantee additional indebtedness and issue certain preferred stock, though the issuance of Commercial Paper under the Programme is expressly permitted;
- pay dividends on, redeem or repurchase its capital stock;
- make certain restricted payments;
- make certain investments;
- create or permit to exist certain liens;
- merge or consolidate with other entities, or make certain asset sales;
- enter into certain transactions with affiliates; and
- guarantee certain indebtedness.

The covenants to which we are subject under the Indentures, the Asset Bridge Facility Agreement and the Senior Long-Term Facilities Agreement could limit our ability to operate our business, to finance our future operations and capital needs and to pursue business opportunities and activities that may be in our interest.

In addition, the Senior Long-Term Facilities Agreement requires us to comply with certain affirmative covenants while the TLB and the RCF remain outstanding. Furthermore, under certain circumstances, the Senior Long-Term Facilities Agreement requires us to comply with a financial ratio while amounts exceeding a certain threshold remain outstanding under the RCF. Our ability to meet the financial ratio under the RCF may be affected by events beyond our control, and we cannot assure you that we will meet such financial ratio. A breach of any of the covenants or restrictions under the Senior Long-Term Facilities

Agreement could, subject to the applicable cure period, result in an event of default under the Senior Long-Term Facilities Agreement. Upon the occurrence of an event of default that is continuing under the Senior Long-Term Facilities Agreement, the relevant creditors are entitled to cancel the availability of their commitments and/or elect to declare all amounts outstanding under the Senior Long-Term Facilities Agreement, together with accrued interest, immediately due and payable. In addition, certain defaults, events of default and/or acceleration actions under the Senior Long-Term Facilities Agreement could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including the Indentures. If our creditors, including the creditors under the Senior Long-Term Facilities Agreement or the Asset Bridge Facility Agreement, accelerate the payment of those amounts, we cannot assure you that our assets would be sufficient to repay in full those amounts, to satisfy all our other liabilities that would be due and payable and to make payments to enable us to redeem the Notes. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

We are exposed to interest rate risks, and shifts in interest rates may adversely affect our debt service obligations.

We are exposed to the risk of fluctuations in interest rates, particularly under the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement, as borrowings under the TLB, the RCF and the Asset Bridge Facility bear interest at a floating rate.

An increase in the interest rates on our debt will reduce the funds available to repay our debt and to finance our operations, capital expenditures and future business opportunities. Historically, we have entered into various hedging instruments to manage exposure to movements in interest rates, in particular interest rate swaps and interest rate caps, executed to partially hedge our floating rate interest obligations. Pursuant to the Masmovil Acquisition, in order to mitigate the volatility of the interest rate risk on Facility B1, we rolled-over our financial hedging instruments with respect to our previous term loan facility to cover our interest rate risk on Facility B1, which is secured over the Collateral. However, there can be no assurance that such financial hedging instruments will be sufficient to manage our exposure to fluctuations in interest rates. Additionally, there can be no guarantee that any hedging strategies will adequately protect us from the effects of interest rate fluctuation, or that these hedges will not limit any benefit that we might otherwise receive from favourable movements in interest rates. In addition, derivatives transactions in connection with any hedging strategy may result in significant costs and could expose us to significant liabilities in the future.

As a consequence of regulatory reforms, the common maturities of U.S. dollar LIBOR will cease to be published as panel bank rates or become unrepresentative after June 30, 2023 (and all other LIBOR settings for all currencies (including 1 week and 2 month U.S. dollar LIBOR) will cease as panel bank rates after December 31, 2021). It is not known if or when regulatory reform may, in the future, cause EURIBOR to cease or be replaced. The U.S. dollar floating rate market is currently expected to transition to use, in place of U.S. dollar LIBOR, replacement rates including a floating rate equal to compounding overnight SOFR (the Secured Overnight Financing Rate published by the Federal Reserve in the US) plus a spread adjustment, as well as alternative rates to compounding overnight SOFR, by not later than the time that the relevant U.S. dollar LIBOR setting is to cease as a panel bank rate. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any of our debt linked to such a benchmark, whether or not under the Senior Long-Term Facilities Agreement.

Regulatory requirements under the EU Benchmark Regulation (particularly in relation to EURIBOR) and under the UK Benchmark Regulation (particularly in relation to LIBOR) may: (i) discourage market participants from continuing to administer or contribute to a regulated benchmark (such as EURIBOR or LIBOR); (ii) trigger changes in the rules or methodologies used for the benchmark or (iii) lead to the disappearance of the benchmark. The scheduled cessation of the LIBOR benchmark as a panel bank rate or any proposal to cease the determination or publication of any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which the relevant benchmark is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives may result in a sudden or prolonged increase in any affected benchmark, which could have a material adverse effect on the value of and return on any floating rate debt linked to that benchmark and on our ability to service debt that bears interest at floating rates of interest, and therefore have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Hedging arrangements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.

We have entered, and in the future may enter, into interest rate hedging arrangements to hedge our exposure to fluctuations in interest rates, including under the TLB. We may also enter currency hedging arrangements in respect of our indebtedness. Under any such agreements, we would be exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate such hedging agreements, we may be required to make termination payments, which would result in a loss.

We might be unable to enter into new agreements, among others, with Orange Spain and Telefónica for network access within the time frame or on the terms that we currently expect, or at all and as a result, we may not be able to fully realize the expected run rate cost savings in relation to the integration of Euskaltel's network with that of our Group, which constitutes a significant portion of our estimated cost savings in relation to the Euskaltel Acquisition and the associated costs may be greater than currently expected.

In relation to the integration of Euskaltel's network with that of our Group, we expect to achieve certain run rate cost savings, among others, pursuant to the cancellation of Euskaltel's existing network access agreements and the entry into new agreements for the combined Group. In particular, we intend to cancel the existing agreements for network access (including NRAs for mobile network access) entered into by the Euskaltel with Orange Spain and Telefónica, and enter into new network access agreements for the combined Group. In light of the increased scale of the combined Group, we expect the new agreements for the combined Group to have better commercial terms than those of the existing ones.

As of the date of this Information Memorandum, we already entered into new agreements with Telefonica, but have not entered into these new agreements with Orange Spain. There is no certainty that we will be able to enter into these agreements within the expected timeframe, or at all. In addition, there is no certainty that the new agreements we may choose to enter into will contain the favourable commercial terms we currently expect. As a result, we may not be able to fully realize the expected run rate cost savings in relation to the integration of Euskaltel's network with that of our Group, which constitute a significant portion of our estimated cost savings in relation to the Euskaltel Acquisition. Any failure to enter into new network access agreements with Orange Spain and Telefónica, or a failure to enter into these agreements on favourable terms or on the expected timing, may adversely impact our ability to achieve the expected run rate cost savings pursuant to the Euskaltel Acquisition, as well as our business, financial condition and results of operations.

We might be unable to enter into contractual arrangements in relation to the Netco Asset Disposal, or complete it within the time frame or on the terms that we currently expect, or at all.

We intend to enter into transactions relating to the Netco Asset Disposal (as this term is defined in section 2.9.3. below), pursuant to which we intend to transfer of up to 1.1 million BUs in our HFC network, concentrated in Northern Spain, to Netco, a joint venture company in which we expect to hold a minority shareholding.

Based on our current expectations, we expect to enter into an agreement with the relevant investors to set up Netco and for the transactions relating to Netco Asset Disposal during the fourth quarter of 2021, and expect to complete the transaction during the first quarter of 2022. However, as of the date of this Information Memorandum, we have not entered into any contractual arrangements or commitments in relation to the Netco Asset Disposal.

In the event that we enter into the relevant contractual arrangements in relation to the Netco Asset Disposal, we expect the completion to be subject to a number of closing conditions, including applicable regulatory and antitrust approvals (if any). There is no certainty that we will be able to enter into the relevant contractual arrangements, or once we enter into such arrangements, we will be able to complete the Netco Asset Disposal within the expected time frame, or on the terms that we currently expect, or at all. We currently expect to receive approximately €500 million of net proceeds from the Netco Asset Disposal. However, there is no certainty that we will be able to receive such proceeds, including as a result of any assumptions proving inaccurate or different from what we expected when calculating such proceeds, or due to reasons which might be outside of our control, including our inability to account for unforeseen difficulties in transferring up to 1.1 million BUs in our hybrid fibre-coaxial (HFC) network.

We have included in this Information Memorandum certain unaudited combined financial information which may not reflect our actual results that would have been achieved had the Masmovil Acquisition, the Euskaltel Acquisition and the Lyca Acquisition been consummated on the date or for the periods indicated, as well as certain supplementary non-IFRS unaudited aggregated financial information which does not purport to indicate results of operations as of any future date or for any future period.

We have included in this Information Memorandum certain historical aggregated financial information for the year ended December 31, 2020, which is supplementarily presented herein on a non-IFRS basis and calculated by adding the respective amount from (i) the historical audited consolidated financial information of the Masmovil Group for the nine months ended September 30, 2020 and (ii) the historical audited consolidated financial information of Lorca JVco and its subsidiaries for the period from March 4, 2020 (the date of Lorca JVco's incorporation) to December 31, 2020, which includes the results of the Masmovil Group from October 1, 2020 (the "**Aggregated Financial Information**").

The historical audited consolidated financial information of Lorca JVco and its subsidiaries has a different accounting basis to the historical audited consolidated financial information of the Masmovil Group as a result of fair value accounting applied at the Masmovil Acquisition date as required by IFRS. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries (comprised of Lorca Holdco Limited, Lorca Bidco and Lorca Finco Plc) had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation. While the audited consolidated accounts of Masmovil as of and for the nine months ended September 30, 2020 and the audited consolidated accounts of Lorca JVco as of and for the short financial year from Lorca JVco's incorporation on March 4, 2020 to December 31, 2020 (which consolidates the results of operations of Masmovil Group's business from October 1, 2020) have been prepared in accordance with IFRS as adopted by the European Union and international accounting standards in conformity with the requirements of the UK Companies Act 2006 and the applicable legal requirements of the UK Companies Act 2006, respectively, they relate to different entities that have not prepared their financial information on a consistent basis. The Aggregated Financial Information is included for illustrative purposes only and is not intended to project our consolidated results of operations for any future period.

The Aggregated Financial Information have not been prepared in accordance with the requirements of Spanish GAAP, IFRS or any generally accepted accounting standards. None of the adjustments, estimates or run rate calculations have been audited by any independent auditors and should not be considered indicative of actual results that would have been achieved had the events for which we have made the adjustment, estimate or calculation been completed as the dates stated and do not purport to indicate our future consolidated results of operations or financial position. The actual results may differ significantly from those presented for a number of reasons, including, but not limited to, differences in assumptions used.

The preparation of our financial statements involves judgments, estimates and assumptions, and changes in financial accounting standards may cause unexpected revenue fluctuations and affect our reported results of operations.

The preparation of our consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by our management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time based on changes in our business mix and industry practice which could affect our reported amounts of assets, liabilities, income and expenses.

In addition, management's judgments, estimates and assumptions and the reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy. The entities that set accounting standards and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can materially impact how management records and reports our financial condition and results of operations. We may not be able to predict or assess the effects of these changes, and our implementation of new accounting rules and interpretations or compliance with changes in existing accounting rules could adversely affect our balance sheet or results of operations or cause unanticipated fluctuations in our results of operations in future periods.

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1.3. Risks related to the Commercial Paper Notes

There is no existing public trading market for the Commercial Paper Notes and the ability to transfer them is limited, which may adversely affect the value of the Commercial Paper Notes.

There is no liquid trading market for the Commercial Paper Notes and the Issuer cannot predict the extent to which investor interest in our Group will lead to the development of an active trading market or how liquid that trading market might become.

The market price of the Commercial Paper Notes may be influenced by many factors, some of which are beyond its control, including but not limited to:

(i) general economic conditions;

(ii) changes in demand, the supply or pricing of the Group's products and services;

(iii) the activities of competitors;

(iv) the Group's quarterly or annual earnings or those of its competitors;

(v) investors' perceptions of the Group and its industry;

(vi) the public's reaction to the Group's press releases or its other public announcements; and

(vii) future sales of notes.

As a result of these factors, investors may not be able to resell its Notes at or above the initial offering price. In addition, securities trading markets experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Notes, regardless of its operating performance. If an active trading market does not develop, investors may have difficulty selling any Note that they buy.

In this regard, we have not entered into any liquidity agreement, and, consequently, no institution is obliged to quote sale and purchase prices. Therefore, investors may not find any counterparty for the Commercial Paper. This may entail problems for investors who need to sell the Commercial Paper urgently.

Credit risk

The Commercial Paper Notes are subject to the risk of the Issuer defaulting on their obligations. Although the Commercial Paper is secured by the Issuer's total net worth, credit risk arises from the potential inability of the Issuer to meet the required payments under the Programme. The risk is that of the investor and includes loss of principal and interest. The loss may be complete or partial. If the Issuer defaults, investors may not be able to receive interest and principal. The Issuer's solvency could be impaired as a result of an increase in borrowings or due to deterioration in its financial ratios, which would represent a decrease in the Issuer's capacity to meet its debt commitments.

The market price of the Commercial Paper Notes may be volatile

The market price of the Notes may be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results, adverse business developments, changes to the regulatory environment in which our companies operate, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes as well as other factors.

In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Group's financial condition, results of operations or cash flows.

Moreover, the Commercial Paper Notes are fixed-income securities and their market price are subject to potential fluctuations, mainly due to the evolution in interest rates. Consequently, the Issuer cannot guarantee that the Commercial Paper will be traded at a market price that is equal to or higher than the subscription price.

The Commercial Paper Notes will not be rated. Risk that the Issuer's long-term credit rating may vary

Although the Commercial Paper Notes that will be issued under the Programme will not have any short-term rating, it should be noted that Lorca Holdco or Lorca Bidco, which indirectly own 100% of the shares in the Issuer, as per the shareholders' structure chart included in section 2.7.2. below, currently have the following "Probability of Default Rating" ("**PDR**") issued by three of the most reputed international credit rating agencies (the "**Rating Agencies**"):

Rating agency	Rated entity	Rating date	PDR
Fitch	Lorca Holdco	27 September 2021	B+ with a Stable Outlook
Standard & Poor's	Lorca Bidco	28 September 2021	B with a Stable Outlook
Moody's	Lorca Holdco	28 September 2021	B2-PD

Pursuant to the classification followed by these rating agencies, the aforesaid ratings fall within the "speculative grades" (below "investment grade" and above "high risk speculative", and, more particularly, to a questionable credit rating, with uncertain future but with the current capacity to meet the Issuer's payment obligations,

The credit ratings issued by these rating agencies are one way to assess the risk. In the financial markets, the investors ask for a higher yield to the extent the risk is higher, so any investor in the Commercial Paper may take into account Lorca Holdco's rating because a downgrade may imply a loss in the liquidity of the Commercial Paper being acquired and a loss of their value.

Lorca Holdco's or Lorca Bidco's credit rating may be downgraded due to an increase of its indebtedness or due to the deterioration of its financial ratios, which would imply a worsening of Lorca Holdco's capacity to meet its payment obligations, which might also affect the Issuer's capacity to meet its payment obligations under the Commercial Paper Notes.

Clearing and settlement

The Commercial Paper Notes will be registered with Iberclear in book-entry form (*anotaciones en cuenta*). Consequently, no physical notes will be issued. Clearing and settlement relating to the Notes, as well as redemption or adjustment of principal amounts, will be performed within Iberclear's account-based system. Holders are therefore dependent on the functionality of Iberclear's account-based system.

Title to the Commercial Paper Notes will be evidenced by book entries (*anotaciones en cuenta*), and each person shown in the Spanish Central Registry (*Registro Central*) managed by Iberclear and in the registries maintained by the Iberclear members as being a holder of the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation by making payments through Iberclear. Holders must rely on the procedures of Iberclear and the Iberclear members to receive payments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book entries and registries as described above.

Exchange rate risks and exchange controls for investors

The Commercial Paper Notes will be denominated in Euros. This may imply certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than the euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to the euro would decrease (i) the investor's currency equivalent yield on the Notes; (ii) the investor's currency equivalent value of the amount payable on the Notes; and (iii) the investor's currency equivalent market value of the Notes.

Government and monetary authorities in some countries may impose, as some have done in the past, exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less amounts than expected.

The issues under the Programme may not be suitable for all types of qualified investors, eligible counterparties or professional clients.

Each potential qualified investor in the Commercial Paper issued under the Programme should determine the appropriateness of such investment in the light of their own circumstances, in particular such investors should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Commercial Paper, the benefits and risks of their investments, and the information contained in this Information Memorandum;
- have access to and knowledge of appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Commercial Paper, and the impact that such investment will have on their portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Commercial Paper;
- have a thorough understanding of the terms of the Commercial Paper, as well as the performance of the financial markets in which they participate; and
- evaluate possible economic scenarios, interest rate variations and other factors that may affect to the investments and the ability to take risks.

Risk relating to Spanish Insolvency Law.

Law 22/2003, of 9 July, on Insolvency (*Ley Concursal*), which came into force on 1 September 2004, has been superseded by the restated text of the Insolvency Law approved by Royal Legislative Decree 1/2020, of 5 May (*Texto refundido de la Ley Concursal*) and passed by the Spanish government on May 5, 2020, entering into force on September 1, 2020 the "**Insolvency Law**").

According to the classification and order of priority of debt claims laid down in the Insolvency Law, in the event of insolvency (*concurso*) of the Issuer, credits held by investors as a result of the Commercial Paper shall rank behind privileged credits, but ahead of subordinated credits (except if the Commercial Paper could be classified as subordinated in accordance with article 281.1 of the Insolvency Law) and would not have any preference among them. For additional information, see section 11 of this Information Memorandum (*Classification of the Commercial Paper: order of priority*) below.

According to Article 281.1 of the Insolvency Law, the following are deemed to be subordinated credits, among others:

(i) Claims which, having been communicated late, are included by the insolvency administrators (*administradores concursales*) in the creditors' list, as well as those which, not having communicated or having done so late, are included in such list as a result of subsequent communications, or by the judge when resolving on an action contesting the list.

(ii) Claims corresponding to surcharges and interest of any kind, including late-payment interest, except for those corresponding to claims that are secured by an *in rem* security interest, up to the amount covered by the respective guarantee.

(iii) Claims held by any of the persons especially related to the debtor, as referred to in article 283 of the Insolvency Law.

In addition, as a result of the Coronavirus pandemic, the Spanish Government has approved various extraordinary resolutions. These extraordinary resolutions include, among others, Law 3/2020, of 18 September, on procedural and organizational measures to address Covid-19 in the field of the Administration of Justice (*Ley 3/2020, de 18 de septiembre, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*) (the "**Law 3/2020**"), as amended, which has introduced several temporary measures that impact pre-insolvency and insolvency proceedings.

In line with what other countries have done as a result of the Covid-19 health crisis, this Law 3/2020 provides that an insolvent debtor is not obliged to file an insolvency petition until 31 December 2021, even if the debtor has already filed the communication informing about the existence of negotiations with creditors to achieve a refinancing agreement, an out-of-court payment agreement or accession to an early proposal for a composition agreement, as provided for in the Insolvency Law.

In addition, this Law 3/2020, as amended, also provides that creditors' requests submitted from 14 March 2020 onwards, seeking a declaration to open insolvency proceedings, will not be admitted for processing until 31 December 2021. It also establishes that requests filed by the debtor prior to that date will be given priority, even if the creditors' requests are filed before the debtor's. Although a debtor is temporarily not obliged to file for insolvency during the abovementioned period, this can technically still be done if so decided by the debtor.

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2. INFORMATION OF THE ISSUER AND OUR GROUP

2.1. Full name of the issuer, including its address and identification data

The Issuer's full corporate name is MASMOVIL IBERCOM, S.A.U., though it is commonly abbreviated with its commercial name "MASMOVIL" (the "**Company**" or "**MASMOVIL**").

The Company is a Spanish stock corporation (*sociedad anónima*) incorporated for an indefinite period and has its registered address (*domicilio social*) in Parque Empresarial Zuatzu, Edificio Easo, 2nd floor, no. 8, 20018 Donostia-San Sebastian (Guipuzcoa), though its address for tax purposes (*domicilio fiscal*) is Avenida de Bruselas 38, 28108 Alcobendas (Madrid), and it has tax identification number (N.I.F.) A-20609459.

The Company is registered with the Companies Registry of Guipuzcoa (*Registro Mercantil de Guipúzcoa*) under volume (*tomo*) 2,172, sheet (*hoja registral*) SS-13511, and its Legal Entity Identifier (LEI) Code is 959800YH56PYMFN7VV80.

Moreover, the Company is registered with the Spanish Registry of Network and Electronic Communications Service (*Registro de Operadores de Redes y Servicios de Comunicaciones Electrónicas*) pursuant to the decision issued by the Spanish Telecommunication Market Commission (currently the Spanish National Commission of Markets and Competition – CNMC) dated 12 May 2006.

2.2. Issuer's website

www.masmovil.es and www.grupomasmovil.es

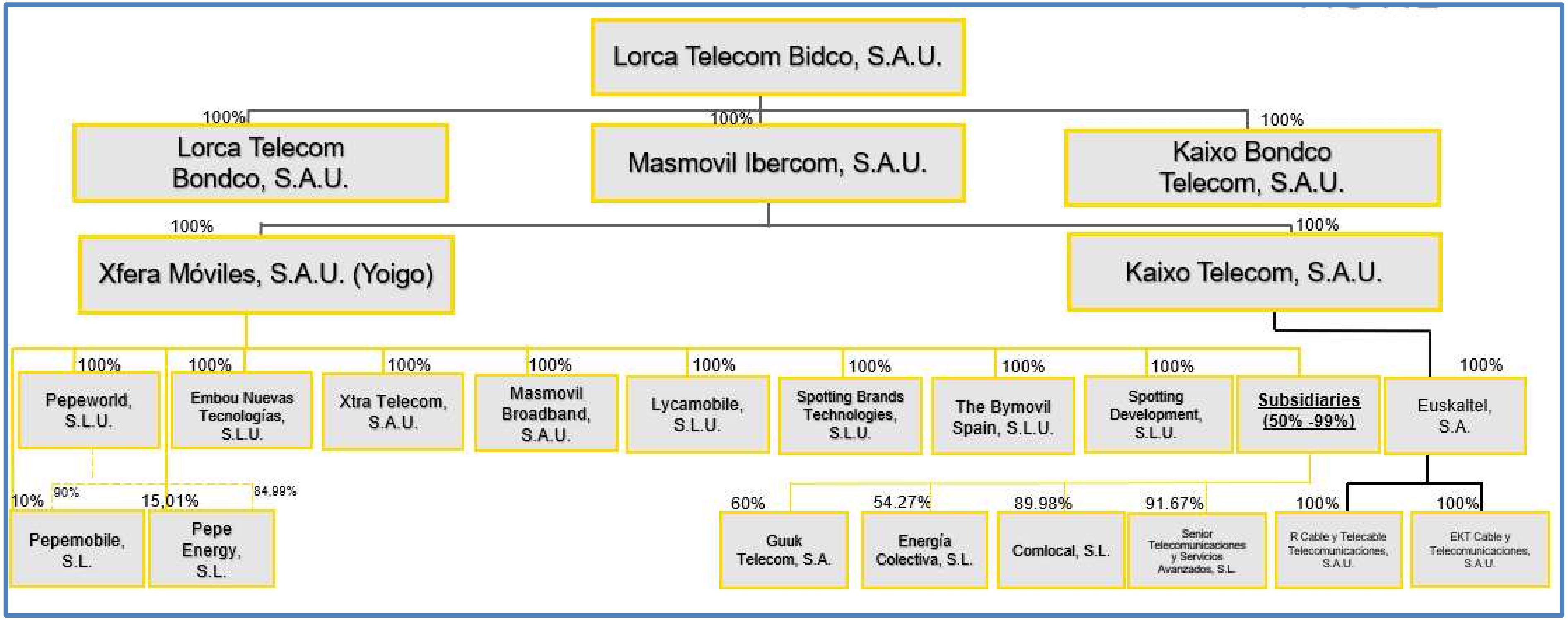
In particular, business and financial information for investors is available and regularly updated on the following link:

https://www.grupomasmovil.com/en/informacion-economica-y-financiera

2.3. Group's structure chart

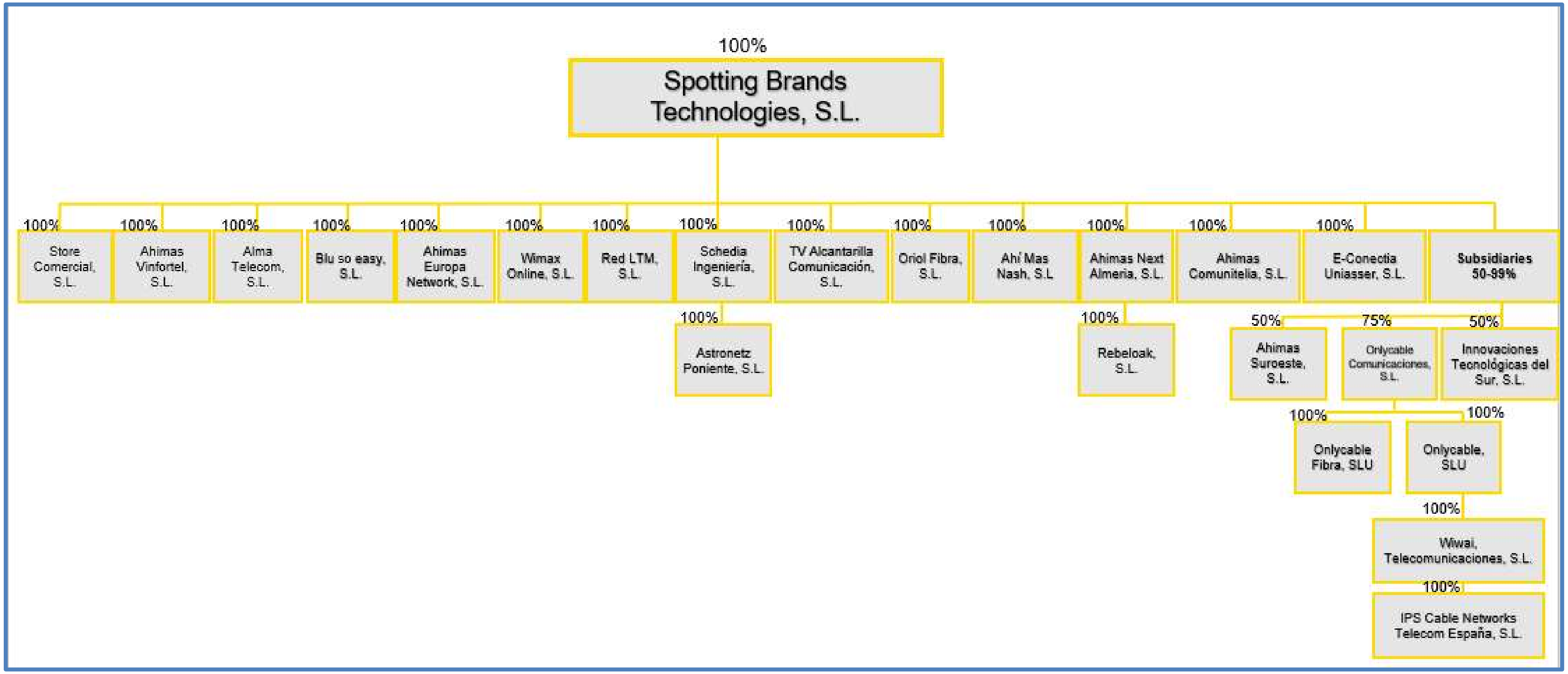
The current Group is the result of (i) the integration, from 2014 to the present, of various telecommunications operators with sustained growth in their respective markets and business sectors, with several intragroup mergers and amalgamations having completed to date in order to simplify the corporate structure of the Group; (ii) the acquisition of the shares in Masmovil by the Sponsors in 2020; and (iii) the Euskaltel Acquisition in August 2021.

Below is an organisational chart of our Group as of the publication date of this Information Memorandum:



Lorca Telecom Bidco, S.A.U.
100%
Lorca Telecom Bondco, S.A.U.
100%
Masmovil Ibercom, S.A.U.
100%
Kaixo Bondco Telecom, S.A.U.
100%
Xfera Móviles, S.A.U. (Yoigo)
100%
Kaixo Telecom, S.A.U.
100%
Pepeworld, S.L.U.
100%
Embou Nuevas Tecnologías, S.L.U.
100%
Xtra Telecom, S.A.U.
100%
Masmovil Broadband, S.A.U.
100%
Lycamobile, S.L.U.
100%
Spotting Brands Technologies, S.L.U.
100%
The Bymovil Spain, S.L.U.
100%
Spotting Development, S.L.U.
Subsidiaries (50% -99%)
100%
Euskaltel, S.A.
10%
90%
Pepemobile, S.L.
15,01%
84,99%
Pepe Energy, S.L.
60%
Guuk Telecom, S.A.
54.27%
Energía Colectiva, S.L.
89.98%
Comlocal, S.L.
91.67%
Senior Telecomunicaciones y Servicios Avanzados, S.L.
100%
R Cable y Telecable Telecomunicaciones, S.A.U.
100%
EKT Cable y Telecomunicaciones, S.A.U.

In December 2020, Xfera Móviles, S.A.U. acquired 100% of the shares in Spotting Brands Technologies, S.L. which in turn is the parent company of a sub-group of companies commercially named “**Ahimas Group**”:



Please see the shareholder structure of Lorca Bidco at section 2.7 below.

Please also note that we hold the following shareholding lower than 50% in these companies:

- Medbuying Technologies, S.L. (49%)
- Parlem Telecom Companya de Telecomunicacions, S.A (0.8776%)
- Xfera Consumer Finance, E.F.C, S.A. (49%)
- Cabonitel, S.A., which holds 100% shares in NOWO COMMUNICATIONS, S.A. and ONITELECOM INFOCOMUNICAÇOES, S.A. (49.99%)
- Ticnova Quality Team, S.L. (10%)
- Kenmei Technologies, S.L. (5.86%)
- Famarflor, S.L. (5.601%)
- Ucles Holdco, S.L. (49.9%)
- Ucles Holdco, S.L. which holds 100% of Ucles Infraco, S.L.
- Unirisco Galicia S.C.R, S.A. (1.025%)

2.4. Description of Our Business

We are one of the fastest growing Western European telecommunications operators and the fourth largest telecommunications operator in Spain.

We serve customers across all of Spain through two main business segments: "residential", addressing all major residential customer segments, and "business", addressing small office and home office ("**SOHO**") business and wholesale customers. In our residential segment, we provide mobile, broadband, fixed telephony, pay TV and value added communications services to diverse target markets and client bases through our multi-brand business model and portfolio, including Euskaltel, R Cable and Telecable, Virgin telco, Yoigo, Masmovil, Pepephone, Llamaya, Lebara and Lyca brands. In our business and wholesale segment, we provide ethernet lines, backup, hosting, cloud, e-mail, video-conferencing and data centre services, private virtual networks, as well as mobile, broadband and fixed telephony.

In March 2021, through Masmovil's wholly-owned subsidiary Kaixo Telecom, S.A.U., we launched a voluntary takeover bid for the entire share capital of Euskaltel, the fifth largest telecommunications operator in Spain, primarily focused on the northern regions of the country.

Euskaltel was founded in 1995 by the Basque government and the three Basque savings banks (Bilbao Bizkaia Kutxa, Kutxabank and Vital Kutxa) to become the alternative telecommunications operator in the Basque Country and, as a result, to end the monopoly of Telefónica in the region. The Euskaltel Group has since then grown to have more than 1.2 million mobile services customers and 650,717 broadband services customers in the year ended December 31, 2020. Euskaltel generated €677.8 million of revenue (*importe neto de la cifra de negocios*), achieved a Euskaltel Group EBITDA margin of 46.1% and earned a net profit (*resultado del ejercicio*) of €79.4 million in the year ended December 31, 2020. Furthermore, Euskaltel has 2.3 million BUs on its network connected via Hybrid fibre-coaxial ("**HFC**") and 0.3 million BUs on its network connected via fibre-to-the-home ("**FTTH**") for the year ended December 31, 2020, and has agreements with Orange Spain, Telefónica and Adamo for access to their FTTH networks. Euskaltel has historically operated as a full MVNO based on the Orange Spain mobile network and also owns 4G licenses in the Basque Country, Galicia and Asturias and benefits from a contractual arrangement with Orange Spain which will grant Euskaltel access to 5G technology as a MVNO hosted on the Orange Spain network from January 2022. Euskaltel provides a range of products and services covering three different types of customers segment: the mass market, addressing residential and SOHO customers, the business market, addressing small and medium enterprises with ten to 40 employees ("**SMEs**") and large accounts, and wholesale and others, addressing wholesale customers (most of whom are telecommunication companies that compete directly with the Euskaltel). For the six months ended June 30, 2021, the three segments represented, respectively, 79.7%, 18.0% and 2.3% of the Euskaltel's revenue, compared to 80.9%, 16.9% and 2.2% for the year ended December 31, 2020, respectively.

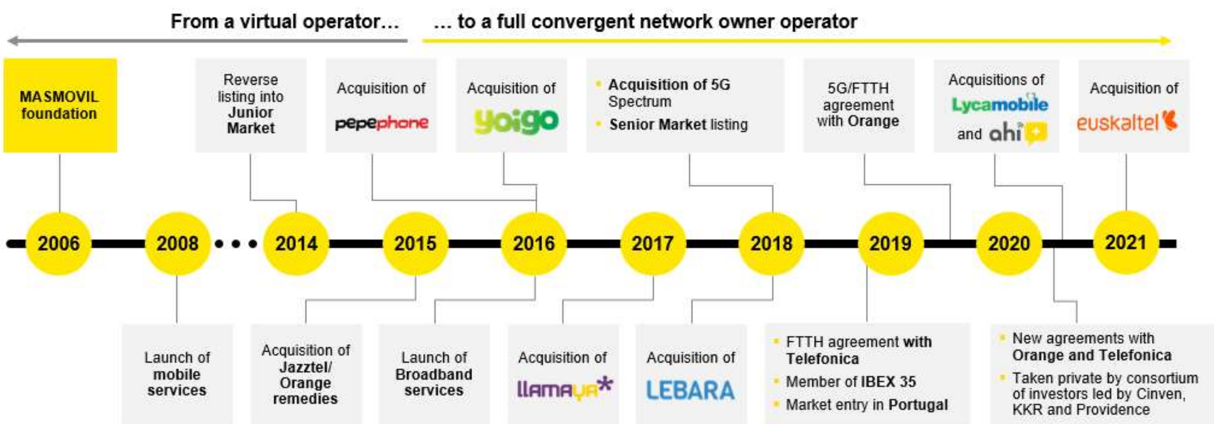
The combination with Euskaltel has strengthened our position as the fourth largest operator in Spain by combining two complementary businesses in terms of network infrastructure, geographical presence and strategic focus. We have also become the second largest operator in the postpaid residential mobile segment in Spain and reinforced our position as the fourth largest in the Spanish residential fixed broadband segment, with a full landscape of brands, nationwide proprietary fixed and mobile infrastructure, a broad product offering, a larger customer base and increased digital capabilities.

Our presence in the northern regions of Spain has also been enhanced following the completion of the Euskaltel Acquisition, with Euskaltel brands having robust market shares in the Basque country, Galicia, and Asturias, where R-Cable, Telecable and Euskaltel had market shares of approximately 40%, 30% and 39%, respectively (*source: CNMC 2019 data)*.

Since we were founded in 2006, we have expanded significantly and have become one of Western Europe's fastest growing telecommunications operators by revenue. From 2018 to 2020, our revenue and Adjusted EBITDA increased at a CAGR of 10.0% and 17.6%, respectively, and our operating profit, primarily as a result of certain transactions during this period (such as the acquisition of Masmovil by Bidco), decreased at a CAGR of 9.5% during the same period. During the six months ended June 30, 2021, our revenue, operating profit and Adjusted EBITDA increased by 17.5%, 243.1% and 36.4% respectively, as compared to the six months ended June 30, 2020. The growth in operating profit for the six months ended June 30, 2021 is primarily due to the sale of certain FTTH assets to Ucles Jvco, a joint venture network company that we set up with Onivia (a telecom operator jointly controlled by Macquarie Capital, Aberdeen Standard Investments and Daiwa Energy & Infrastructure Co. Ltd.).

We began commercial operations in 2008, launching mobile services as a niche mobile virtual network operator ("**MVNO**"). In 2015, we acquired a significant fixed broadband and optical fibre network from Orange Spain and Jazztel as a result of the remedies imposed by the antitrust authorities as a condition for the merger of these companies (the "**Jazztel Remedies**"), and began offering fixed broadband services in 2016. We subsequently expanded from an MVNO to a full mobile network operator ("**MNO**") via our acquisition of Yoigo in 2016, which provided us with our own mobile infrastructure. As of December 31, 2020, we were the fourth largest mobile service provider in Spain by number of subscribers, with approximately 9.6 million mobile subscribers.

The chart below sets forth key events in our growth and transformation from a virtual telecommunications service operator to a fully convergent network owner-operator.



Our largest customer segment is our residential customer segment, where growth is driven by commercialization of convergent telecommunications services, specifically the bundling of mobile, broadband and fixed telephony services to consumers, which we began bundling in 2016 under our

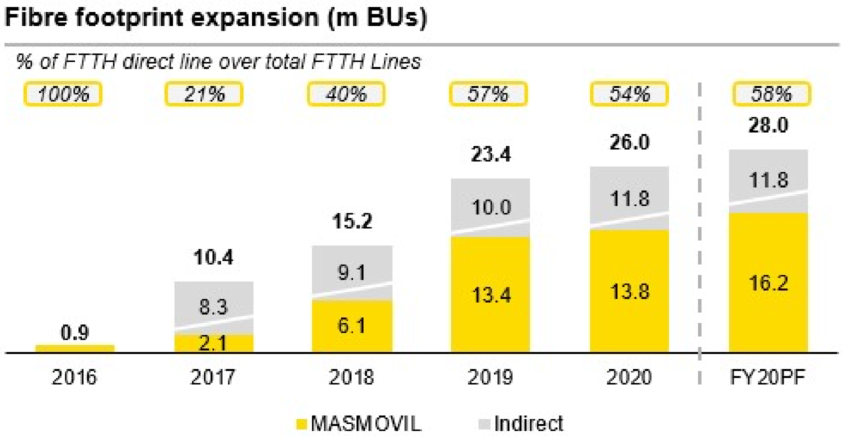
Masmovil brand. We increased our residential offering via the acquisitions of the Yoigo and Pepephone brands in 2016, the Llamaya brand in 2017 and the Lebara brand in 2018. In June 2020, we completed the acquisition of Lyca, adding over 1.5 million customers and reinforcing our position in the Spanish prepaid mobile services segment. Additionally, the Euskaltel Acquisition has contributed further 1.3 million mobile lines to our network.

Our multichannel and multi-brand business model allows us to serve all major residential segments and provide, among others: (i) premium value service coverage with Yoigo; (ii) multi-channel service coverage with Masmovil; (iii) digital-friendly service coverage with Pepephone; and (iv) value-conscious service coverage with Llamaya, Lebara and Lyca. Through the Euskaltel Acquisition, we have further expanded our portfolio of brand offerings for both our residential and business segments, especially in certain select regions of Spain, including through the Euskaltel, R Cable and Telecable brands, (which focus on residential telecommunication services in the Basque Country, the Galicia region and the Asturias region), therefore reinforcing our presence in the northern regions of Spain, RACCTel+ (offering a range of convergent services in the Catalan region) and Virgin telco (the brand used for the offering of high-speed broadband and mobile telecommunication services across Spain). We provide mobile telephony, fixed & mobile broadband, fixed telephony and TV services through our own and third-party networks, which include the latest 4G and 5G and FTTH technologies. We offer flexible bundled and unbundled broadband and mobile service and pay TV packages to residential customers through key brands, including our premium Yoigo brand, distributed through 550 Yoigo branded retail locations and 229 MASlife multi-brand stores, in each case as of June 30, 2021, as well as our online platforms and our more value-oriented Masmovil (and, after the Euskaltel Acquisition, Virgin telco) brands. Our Pepephone brand offers convergent and mobile services with a customer-centric positioning, and our Llamaya, Lebara and Lyca brands are focused on international and value-conscious customers in Spain. Following the Euskaltel Acquisition, we plan to maintain the Virgin telco brand, which Euskaltel had previously agreed to use for its national network expansion. In particular, we believe that the Virgin telco brand has further enhanced our proposition due to its significant brand recognition, strong commercial momentum, high-value customers and limited cannibalization against our current brands given its different market positioning. For example, Virgin telco operates as a "value for money" brand, offering full connectivity with robust and affordable services, which differs from most of our brands, including Yoigo (which is a "premium" brand offering world-class technology), Pepephone (a "digital" brand serving the digital community), Lebara and Lycamobile (adequately priced brands tailored to international customers), Llamaya (a "global" brand providing special offers for low-cost customers in Spain), as well as to Guuk and Embou ("regional" brands targeting specific geographic areas and communities).

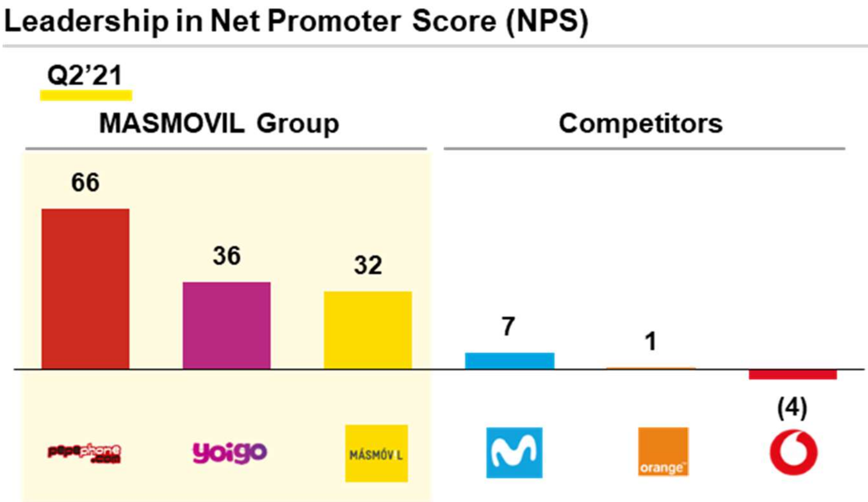
In addition to our residential customer segment, through our brands Yoigo, Masmovil, Pepephone, Llamaya, Lebara, Lycamobile, Euskaltel, R Cable, and Telecable, we offer business clients a complete portfolio of services to suit their needs, including mobile telephony, mobile and fixed broadband, fixed telephony, ethernet lines, backup, hosting, cloud, email, video-conferencing and data centre services, private virtual networks and provide other operators with other wholesale services. In addition to our catalogue of products, we have an engineering team with extensive experience preparing bespoke offers to business customers with needs that require tailor-made solutions.

This broad service offering is made possible by our mobile and broadband infrastructure. Through our own network and our national roaming agreements ("**NRAs**"), we offer the widest mobile network coverage in Spain (approximately 99% across mainland Spain), while our total FTTH footprint included 26.5 million BUs as of June 30, 2021, 74% of which are owned or operated via quasi-owner (right-of-use) agreements on quasi-owner economic terms. Through organic expansion as well as strategic acquisitions and partnership with other telecommunications service providers, we operated more than 9.6 million mobile and 2.2 million broadband lines as of June 30, 2021. Via our recent network access and infrastructure partnerships and agreements (including the 2020 Orange Agreement and the 2020 Telefónica Agreement), we believe we will be able to meet all foreseeable fixed and mobile network needs, while nearly doubling our year-end 2018 FTTH footprint by 2023, thereby de-risking future capital expenditures and enhancing cash generation potential. Euskaltel has historically operated as a full MVNO based on the Orange Spain mobile network and also owns 4G licenses in the Basque Country, Galicia and Asturias. In addition, Euskaltel has a contractual arrangement in place with Orange Spain which will grant Euskaltel access to 5G technology as a MVNO hosted on the Orange Spain network from January 2022, which we expect will integrate with our radio-as-a-service ("**RaaS**"), value-added services and NRA network coverage across Spain. From a fixed line perspective, Euskaltel is equipped with a cable network and has FTTH access agreements in place with Orange Spain, Telefónica and Adamo and has approximately 752,000 fixed service customers as of June 30, 2021. Going forward, we expect to be able to generate significant cost synergies through the optimization of Euskaltel's fixed and mobile network and integration thereof with our network and the migration of current and future Euskaltel customers onto our own network and NRAs to enjoy better economic terms and economies of scale.

The chart below sets forth the historical growth of our fibre footprint since 2016:



Notwithstanding our strong market position, we are one of the newer players in the Spanish telecommunications services industry and we pride ourselves on our agile "start-up" operating culture while benefitting from a management team with over 100 years of combined telecommunications services experience. We believe this flexibility translates into a favourable customer experience, marked by fast customer on-boarding, end-to-end customer care centred in Spain and the highest FTTH network speeds in the Spanish market, which result in high customer satisfaction, as shown by our customers rating highly our brands, including Pepephone, Yoigo and Masmovil, which were awarded the highest customer satisfaction rating according to the "Net Promoter Score" report issued by the consultancy firm GFK.



Source: GFK.

By focusing on the customer experience, we believe we are well-positioned to attract our competitors' existing subscribers by maintaining our proven excellence in customer satisfaction, thereby taking advantage of the structurally high subscriber liquidity in the Spanish telecommunications services market, which is reaching saturation in certain of the most populated regions in Spain.

2.5. Our Competitive Strengths

Comprehensive commercial strategy, leveraging our multi-brand portfolio and fully converged infrastructure, ensuring continued customer acquisition across the value spectrum

We believe that our multi-brand portfolio offering allows us to grow across all residential segments in Spain by offering different value propositions across key consumer distribution channels. We offer flexible bundled and unbundled mobile and broadband service packages to residential customers through key brands, including our premium Yoigo brand and our more value-oriented Masmovil and, following the Euskaltel Acquisition, the Euskaltel, R Cable and Telecable and Virgin telco brands. Our Pepephone brand offers convergent and mobile services with a powerful customer-centric positioning, and our Llamaya, Lebara and Lyca brands are focused on international and value-conscious customers in Spain. Through our Lyca brand, we have significantly increased our presence in the Spanish prepaid mobile services market, while the acquisition of Euskaltel has increased our presence in the northern regions of Spain. We also intend to continue the Virgin telco brand which Euskaltel had previously agreed to use for its national network expansion as we believe that the Virgin telco brand further enhances our proposition due to its significant brand recognition, strong commercial momentum, high value customers and limited cannibalization against our current brands.

In the context of the COVID-19 pandemic, in the first half of 2021 our multi-brand business model, covering all major residential customer segments across value and channel preferences, continued to allow us to capture the increased demand for data via postpaid mobile and broadband connectivity, while effectively offsetting the reduced activity across our prepaid plans. Notwithstanding the COVID-19 pandemic, we continue to maintain the key structural pillars of our business plan, the acceleration of convergence adoption and our value-for-money positioning, which we believe places us in a favourable position to protect our customer base and will facilitate further growth.

We strive to present predictable, fair and transparent pricing to our customers, while differentiating ourselves by focusing on data abundance and a “more-for-more” value proposition to our service offering generally. Our approach to sales and marketing combines best-in-class remote direct sales through our branded websites and mobile platforms and own and third-party call centres, with a large physical retail network of non-exclusive and exclusive stores and distributors, including 550 Yoigo stores selling exclusively Yoigo branded products nationwide, along with 229 MASlife multi-brand stores and distribution partnerships with key telecommunications distributors providing more than 3,750 points of sale for our Masmovil brand and more than 6,100 points of sale for our Llamaya, Lebara and Lyca brands, in each case as of June 30, 2021. We leverage these channels to offer our customers a range of service options tailored to their needs through both bundled and unbundled packages, best digital channels, television options and a Spain-based call centre to ensure the highest quality customer service. We also continue to focus on delivering a broadband service offering to our customers. Our focus on bundled packages is aimed at increasing ARPU, lowering churn and increasing customers’ engagement and satisfaction. We believe the acquisition of Euskaltel has further enhanced this proposition.

We seek to maintain a best-in-class overall customer experience and strive to innovate and continually improve the customer experience, such as with our development of an innovative “Uber-like” application for fixed broadband installations, allowing new customers to monitor in real-time the position, pipeline and estimated time of arrival of our installation technician, significantly reducing the customer wait times, which we believe is one of the major points of dissatisfaction for telecommunications customers. In 2018, 2019, 2020 and the six months ended 2021, we were a leading operator in Spain in terms of net adds and customer attraction, in both the fixed and mobile business lines, with our Pepephone, Yoigo and Masmovil brands outperforming on NPS customer satisfaction rating compared to our competitors according to the “Net Promoter Score” report issued by the consultancy firm GFK in the first quarter of 2021. In addition, in 2019, Yoigo received an award for best operator in customer satisfaction in Spain from Stiga S.L., a reputed Spanish firm specialized in customer experience, quality and market research, and in the same year the Spanish Consumers and Users Organization (*Organización de Consumidores y Usuarios*) awarded Pepephone for having the highest client satisfaction scores of all telecommunications players in Spain. We believe our user-friendly digital interfaces, which accounted for approximately 80% of our customer interactions in 2019, have led the way in allowing our brands to achieve market-leading customer satisfaction. In particular, our innovative mobile-based installation platform and eCare self-service platform have helped facilitate strong customer satisfaction levels and growth in our subscriber base.

Our mobile-based installation platform is a real-time field management application that allows us to improve customer experience and install fixed-mobile convergence sales within a 24-hour period (we estimate that 43% of installations since 2020 were scheduled within 24 hours). We have also developed a digital marketing ecosystem that has helped optimize our media investment and increase website traffic, creating a micro-segmented targeting tool to increase conversion on our websites. Supported by these web based platforms, our online sales represented 43% of our total sales in the year ended December 31, 2020 compared to 38% of our total sales in the year ended December 31, 2019.

We believe this multi-faceted approach to customer interactions and marketing will support strong continued customer acquisition going forward.

Modern nationwide telecommunications infrastructure aided by flexible network model providing scalable and cost-efficient access

With respect to our mobile services network, we can leverage both our own network of over 6,645 sites as of June 30, 2021, providing 4G coverage reaching 87% of the population of Spain, as well as our NRAs with Orange Spain and Telefónica that provide access to a robust, fully nationwide mobile network reaching approximately 99% of the population of Spain. In addition, under our September 2019 Orange Agreement, which we believe covers our foreseeable 5G requirements, we also expect to have value-added service access to a 5G network comprising an estimated 4,500 sites in the 40 main cities in Spain, reaching 35% of the population of Spain. Furthermore, the September 2019 Orange Agreement provides us with the option under a separate RaaS agreement to benefit from rights of irrevocable use on a site-by-site basis in connection with a portfolio of up to 6,000 of Orange Spain's sites, enabling us to cost effectively manage the data consumption of our clients. Our dynamic approach to network infrastructure through third-party network sharing and access agreements, including NRAs in all technologies, allows us to maintain agility and optimize network costs, strategically combining the use of our own infrastructure with strategic third-party infrastructure sharing and access agreements. Using third-party networks allows us to scale our network quickly with limited initial investment and long-term capital commitments and to optimize our network running costs. We believe that these efficient and cost-effective NRAs allow us to offer robust, leading edge service to our customers throughout Spain while minimizing costs per subscriber and capital expenditures and addressing future data demand. Euskaltel has historically operated as a full MVNO based on the Orange Spain mobile network and also owns 4G licenses in the Basque Country, Galicia and Asturias. In addition, Euskaltel has a contractual arrangement in place with Orange Spain which will grant Euskaltel access to 5G technology as a MVNO hosted on the Orange Spain network from January 2022. Starting in 2022, we expect to be able to generate significant run rate cost synergies, through the rationalization of network access and the migration of current and future Euskaltel mobile customers onto our own network and NRAs to enjoy better economic terms.

With respect to our broadband network, we have made substantial progress on the roll-out of our own fibre network, more than doubling our own network BU footprint (including BUs operated with quasi-owner (right-of-use) agreements on quasi-owner economic terms) from 6.1 million as of December 31, 2018 to 13.7 million as of June 30, 2021. Through the combination of our own network and our attractive network sharing, co-investment and wholesale agreements with Orange Spain, Vodafone Spain and Telefónica, we achieved a total footprint of 26.5 million BUs as of June 30, 2021.

In particular, pursuant to our long-term 2020 Orange Agreement and the 2020 Telefónica Agreement, we are further growing our FTTH footprint and bitstream access by leveraging existing and planned Orange

Spain and Telefónica fixed infrastructure (including future fibre network deployments) concurrently with our own commitment to expand our own BUs. By 2023, we further estimate that 74% of our fixed infrastructure will operate via ownership or quasi-owner (right-of-use) agreements on quasi-owner economic terms for the subsequent 30 years and that 26% of our fixed infrastructure will operate with optimized bitstream costs on 20-year contracts. We believe these agreements will allow us to nearly double our year-end 2018 FTTH footprint by 2023, allowing us to effectively double our broadband service area and accordingly access a larger customer base, which as December 31, 2020 has been largely achieved with our FTTH footprint growing 71% since December 31, 2018. Euskaltel currently has 2.3 million BUs on its network connected via Hybrid fibre-coaxial ("**HFC**"). We expect to be able to generate significant cost synergies from the partial decommissioning of Euskaltel HFC access network and the migration of Euskaltel customers to our own fixed network. In addition, we believe the migration from HFC to FTTH will also allow for potential customer upsell and churn reduction as a result of the higher internet speed delivered by FTTH compared to HFC, as well as the much broader set of high-quality services we will able to offer via our FTTH network.

This flexible model across our mobile and broadband infrastructure provides an efficient, cost-effective and resilient cost structure. We believe that these recent network access and infrastructure partnerships and agreements will allow us to meet all foreseeable mobile and fixed network needs, thereby de-risking future capital expenditures and enhancing cash generation potential..

Spanish telecommunications market offers attractive fundamentals as well as proven resilience in economic downturns

With mobile population penetration of approximately 119% and broadband household penetration levels of approximately 95% in Spain as of December 31, 2020, compared to an average of approximately 122% and approximately 89%, respectively, within the European Union, we believe we are well positioned to benefit from growth in both the mobile and broadband sectors, driven by increased penetration rates. Through our strong customer relationships, market leading customer service and flexible service packages we believe we are well positioned to capture a significant share of this growth.

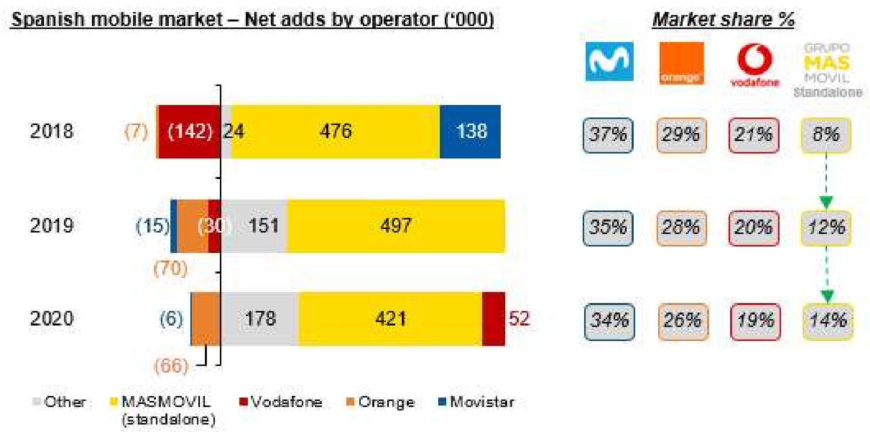
We also benefit from a favourable domestic regulatory environment, which has demonstrated a clear trend towards market liberalization over the last two decades. Driven by requirements to meet European Commission Directives and WTO commitments, the Spanish telecommunications market has moved from a closed and virtually monopolized sector to an open market structure, undergoing significant change in terms of products, technologies and market structures. For example, in 2009, CNMC regulations promulgating EU fibre coverage requirements required Telefónica, the first operator to deploy fibre in Spain, to share infrastructure and fibre cables with all other operators and, in 2015, we procured fixed line assets from Orange Spain and Jazztel as a result of the Jazztel Remedies. We also believe that high service convergence levels in the Spanish market (with 4P bundles representing 81.7% of all subscribers in the Spanish telecommunications market as of December 31, 2019) further indicate an open regulatory environment favouring competition.

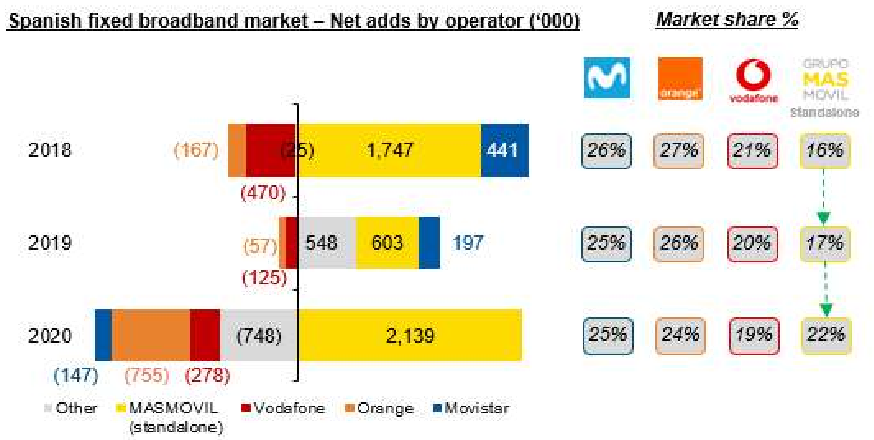
In addition, increased consumer price sensitivity and higher expected churn rates may disproportionately affect large incumbent operators, as traditional incumbent operators have focused on preserving their top-line and on implementing price increases in recent years following heavy investment in M&A and network infrastructure, presenting new opportunities for us to gain market share through our attractive pricing, well-segmented multi-brand commercial strategy and customer-centric approach. We have done so rapidly, consistently capturing the highest number of market net adds in the Spanish consumer mobile and residential fixed broadband markets from 2018 to 2020, by achieving the highest share of net adds, we have grown our market shares in such markets from 8% and 16%, respectively, in 2018 to 18% and 25%, respectively, in 2020 (pro forma for the Euskaltel Acquisition). Significant subscriber liquidity in the Spanish telecommunications services market has aided this growth, with the majority of our 2020 mobile services gross adds captured from the "Big Three" Spanish service providers: Movistar (a Telefónica subsidiary), Vodafone and Orange Spain. Further, ownership of network infrastructure has diminished as a differentiating factor for telecommunications operators in Spain due to the prevalence of NRAs in mobile services and network sharing agreements in fixed broadband services. This has allowed us and other telecommunications operators to make informed cost/benefit decisions on whether to build new infrastructure or take advantage of NRAs and network sharing agreements to keep capital expenditures and operational costs low.

The telecommunications industry has proven resilient and essential for companies and consumers during the COVID-19 pandemic, as the industry has facilitated valuable activities such as remote working, e-schooling and virtual entertainment. The impact of the COVID-19 pandemic on the residential segment was limited and we maintained good operational momentum with sustained subscriber growth. B2C fixed subscribers increased by approximately 0.4 million and mobile subscribers increased by 2.1 million in 2020 as compared to 2019. Our revenue and Adjusted EBITDA also grew by 14.8% and 37.2%, respectively in the same period, despite the suspension of the fixed and mobile portability process and other commercial restrictions resulting from the state of alarm in Spain during two full months in 2020. During this period, our operating profit declined by 36.43% primarily due to higher depreciation and amortization and other operating expenses. Specifically, we believe an increased need for data connectivity as a result of the COVID-19 pandemic has driven and will continue to drive increased data usage and, consequently, may result in the further growth of the telecommunications industry..

High growth telecommunications operator in Western Europe with a demonstrated track record of growth

Since our founding, we have captured a significantly larger share of net adds relative to our market share, becoming one of the fastest growing telecommunications operators in Western Europe, developing from a start-up company in 2006 into the fourth largest operator in the Spanish telecommunications market via both organic and inorganic expansion. From 2018 to 2020, we have consistently captured a large majority of market net adds. The charts below set forth the net adds by operator (in both the mobile and fixed broadband market) of the largest telecommunications operators in Spain for the years ended December 31, 2018, 2019 and 2020.

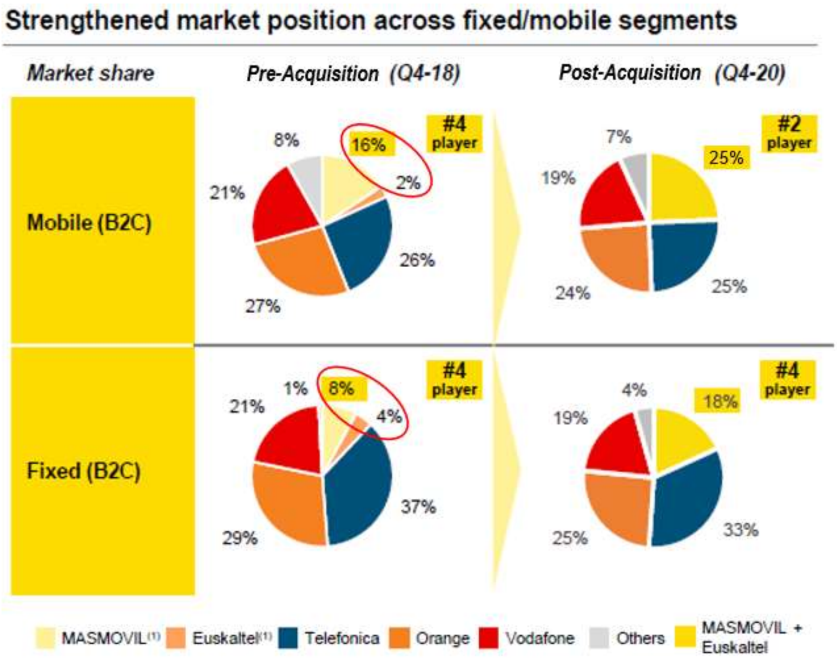




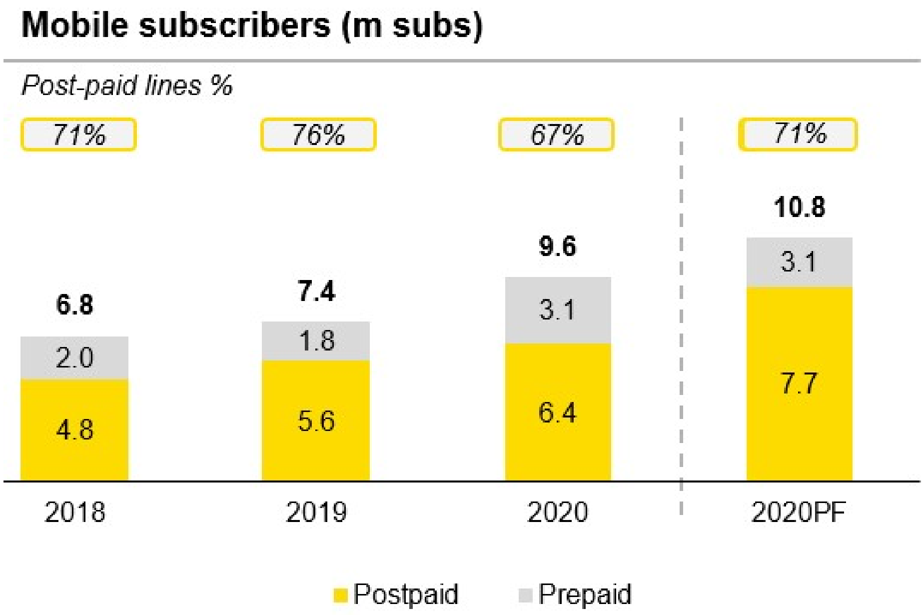
Source: CNMC.

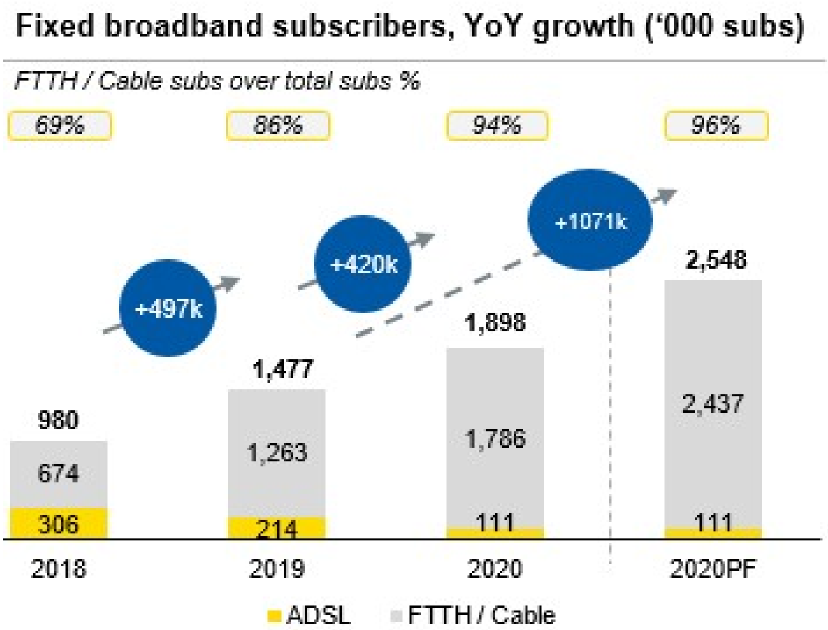
(1) Only relates to the residential fixed broadband market.

Our success in the mobile services market has been driven by our comprehensive commercial strategy and customer led-approach, allowing us to significantly outperform the growth of the Spanish mobile market generally. The Euskaltel Acquisition has increased our mobile subscribers to approximately 11.4 million, which would have resulted in approximately 25% market share in the mobile business-to-customer (B2C) segment as of December 31, 2020. Similarly, our market share in the fixed residential broadband market grew from 8% in 2018 to approximately 18% in 2020 (pro forma for the Euskaltel Acquisition), facilitated by the expansion and improvement of our network footprint. This substantial increase in net adds, combined with the attractive underlying fundamentals of the Spanish telecommunications market, has resulted in an overall increase of our mobile subscriber base at a CAGR of 30% from 2018 to 2020 (pro forma for the Euskaltel Acquisition) and an increase in our fixed residential broadband subscriber base at a CAGR of 63% over the same period (pro forma for the Euskaltel Acquisition). We have achieved this growth while maintaining a disciplined, non-disruptive approach, preserving value in the market. The charts below set forth the market share in both mobile and fixed (B2C) markets in the years ended December 31, 2018 and 2020:



(1) Masmovil and Euskaltel considered on a standalone basis (pre Acquisition market share).





Our customer and market share growth has translated into substantial financial growth due to our disciplined financial strategy focused on margin expansion and well-managed capital expenditure that has delivered a fully invested network. Organic growth, achieved through footprint expansion and network sharing agreements, has also been supported by disciplined and value-enhancing bolt-on acquisitions with high integration potential, including Llamaya in 2017, Lebara in 2018 and Lyca in 2020, and Euskaltel in 2021.

By continuing our comprehensive commercial strategy, characterized by increased broadband penetration and fixed mobile convergence, and by employing our invested network utilizing our own network and quasi-owner (right-of-use) agreements, we believe we are well-positioned to take advantage of additional substantial growth opportunities.

A history of successfully integrated, disciplined and value-enhancing acquisitions and strong margin expansion through operating leverage and cost synergy realization

We have implemented a successful acquisition strategy in recent years, pursuing value-enhancing bolt-on investments which have granted us access to new market segments, increased existing segment capacity, increased our subscriber base and unlocked attractive cost savings. We have been extremely successful in integrating these acquisitions allowing us to bring systems together, leveraging our expertise to deliver both growth and margin expansion.

On March 31, 2021, we filed an application with the CNMV for an all-cash voluntary public tender offer for all shares in the Euskaltel. On July 5, 2021, the CNMV approved and authorized the Public Tender Offer, the initial acceptance period for which ended on July 30, 2021, with shareholders holding as of that date 97.67% of the shares in the Euskaltel having tendered their shares to us for an all-cash consideration equal to €11.00 per share. On August 10, 2021 we completed the Euskaltel Acquisition, thus expanding the range of services we offer and markets in which we operate. Thereafter, on August 27, 2021, we acquired the remaining 2.33% of the shares of the Euskaltel pursuant to the Euskaltel Acquisition Squeeze-out. The Euskaltel Acquisition Squeeze-Out was settled on August 31, 2021. See section 2.9. (*The Erik Transactions and Recent Developments*) below.

The combination with Euskaltel has strengthened our position as the fourth largest operator in Spain by combining two complementary businesses in terms of network infrastructure, geographical presence and strategic focus. We have become the second largest operator in the postpaid residential mobile segment and reinforced our position as the fourth largest operator in the residential fixed broadband segment, with a full landscape of brands, nationwide proprietary fixed and mobile infrastructure, a broad product offering, a larger customer base and increased digital capabilities. Our presence in the northern region of Spain has also been enhanced. In addition to these cost savings, we also expect to achieve cost savings in relation to our capital expenditure of approximately €8 million in relation to IT infrastructure and systems, beginning 2024. We believe that there is a high chance of achieving the expected synergies as they are almost fully related to contractual savings on mobile roaming and bitstream costs.

In December 2020, we acquired Ahimas, a rural telecommunications specialist providing a full suite of services (including pay TV access and mobile connectivity via an MVNO) in regional locations across Extremadura, Castilla-La Mancha, Andalusia and Comunidad Valenciana. Ahimas has over 115,000 MVNO customers and 162,000 fixed lines and BB users whilst its fibre networks pass around 365,000 real estate units, unlocking a material customer base for us.

In June 2020, we acquired Lyca, a MVNO in Spain operating under the Lyca brand, together with an agreement giving us long-term use of the Lyca brand in Spain. Lyca is a major provider of prepaid mobile services in the Spanish market, with a stable subscriber base of 1.5 million customers, consolidating our position in the prepaid mobile services segment in Spain and especially focused on the expatriate customers living in Spain and occasional travellers from other European countries. In addition to the run rate cost synergies we expect to achieve in connection with the Euskaltel Acquisition, we have substantially completed the migration of Lyca customers over to our own network. We believe that access to the Spanish prepaid mobile services market is important, as it represents approximately 19% of mobile lines in Spain and benefits from inelastic demand, serving young and value-conscious consumers.

In 2018, we acquired (i) the Lebara Spain MVNO from Lebara Mobile Group, B.V., contributing more than 400,000 prepaid mobile users primarily in the expatriate residential segment and (ii) The Bymovil, Spain securing control and increasing the flexibility of our exclusive Yoigo store channel. Importantly, by migrating mobile customers from acquired companies' mobile networks to our own network, we have also been able to unlock contractual cost savings, enhancing the margins of our businesses.

In 2017, we acquired Llamaya, a MVNO focused mainly on the Latin American expatriate community in Spain, accessing a new market segment with Llamaya's significant presence in the prepaid mobile services segment.

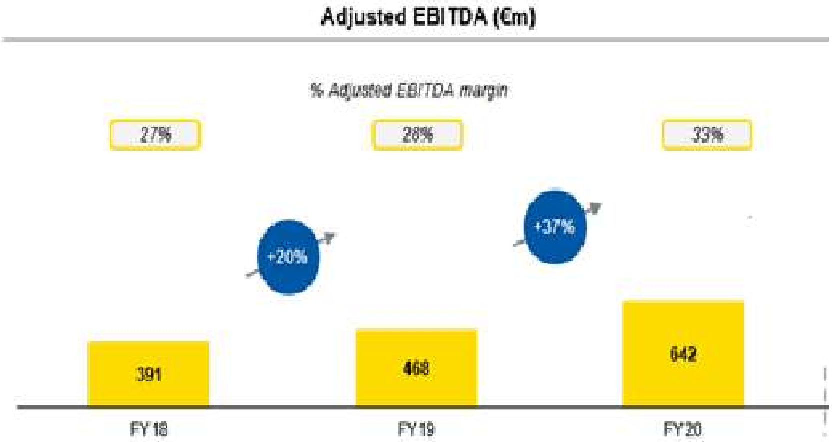
In 2016, we acquired (i) Pepephone Mobile, at the time the largest independent Spanish MVNO and (ii) Yoigo, at the time the fourth largest MNO with 3.3 million mobile services subscribers and 85% population coverage in Spain, migrating customers from both companies to our own network.

In 2015, we acquired a significant fixed broadband and optical fibre network from Orange Spain and Jazztel as a result of the Jazztel Remedies, and we entered a wholesale contract conferring access to the

Orange Spain's ADSL network.

When coupled with our rapid and successful organic growth initiatives, we believe these strategic acquisitions which we carried out pursuant to our proven and low-risk execution strategy position us well to capture further market share and grow margins across our operating segments.

In addition, our business model is based on cost-effective footprint expansion and a lean operational structure, unlocking substantial savings in operating leverage. Since 2018, we have grown our Adjusted EBITDA Margin year-over-year, from 26.9% for the year ended December 31, 2018 to 33.2% for the year ended December 31, 2020. The chart below sets forth our Adjusted EBITDA and Adjusted EBITDA Margin for the years ended December 31, 2018, 2019 and 2020.

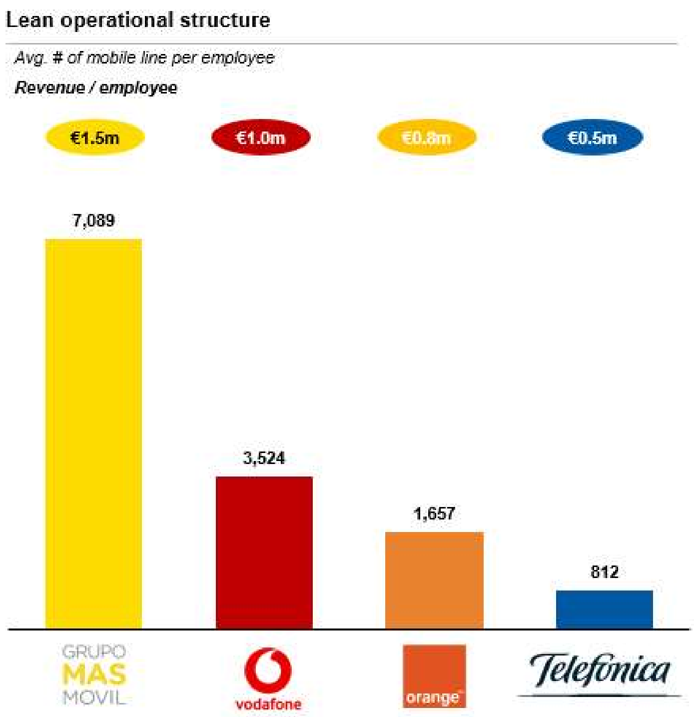


Our margin benefits from our top-line growth and economies of scale. Increasing the number of subscribers naturally increases our margins, as we are able to generate more revenue while utilizing existing infrastructure, which has adequate capacity to absorb any net adds in connection with the Euskaltel Acquisition. Additionally, optimized fixed and mobile infrastructure and attractive access agreements to such infrastructure, provide additional avenues to margin expansion, decreasing operating costs; NRA costs per subscriber have generally decreased since 2017, and we expect to decrease them further as a result of our attractive NRAs, which will not be affected by the Euskaltel Acquisition. As shown by our 2020 Telefónica Agreement, we have been able to take advantage of our growth by renegotiating existing network access agreements with incumbent network operators, which lower our access costs and further result in margin improvement. Going forward, we believe the 2020 Telefónica Agreement will further improve our margins through (i) the migration of mobile lines from Lyca (currently operating on the Telefónica mobile network) to our own mobile network and (ii) a mobile NRA price reduction in cost per gigabit, allowing us to better absorb future increases in customer data consumption. We also believe that our track record of strategic acquisitions, particularly the Lyca, Llamaya and Lebara acquisitions, and the successful realization of subsequent cost synergies, indicates that our disciplined approach to acquisitions can support increases in operating leverage.

As a result of the Euskaltel Acquisition, we have the opportunity to further optimize costs and continue with our margin expansion. Due to its business model and product mix, Euskaltel has historically generated higher EBITDA margins than us. We therefore expect that the Euskaltel Acquisition will result in an increase in our margins.

We estimate that cost synergies will derive from, among others, the optimization of Euskaltel's mobile network and integration thereof with our network (through the migration of Euskaltel's mobile customer base onto our own network and the deployment of additional mobile sites, the optimization of Euskaltel's fixed network and integration thereof with our network through the partial decommissioning of Euskaltel's HFC network, the migration of Euskaltel's HFC footprint onto our own FTTH footprint, the cancellation of Euskaltel's bitstream network access agreement and the entry into a new agreement on our network. We estimate that most of these expected synergies are contractual in nature and can be achieved with limited additional steps.

Our lean operating structure is further evidenced by the highest revenue per employee and the highest number of lines per employee among Spanish telecommunications operators, based on management estimates, for the twelve months ended June 30, 2021, as outlined in the chart set forth below.



Source: Internal Management Estimates.

We believe that this operational excellence, when coupled with the strong growth of our business since our founding in terms of revenue, margins and subscribers, exhibits our ability to generate substantial cash flows.

Attractive cash flow dynamics with strong expected cash flow generation

We have demonstrated consistently strong historical cash flow levels, with Cash Flow Available for Debt Service (pre-growth) of €106.4 million for the six months ended June 30, 2021, compared to €269.7 million, €198.7 million and €115.6 million for the years ended December 31, 2020, 2019 and 2018, respectively. Excluding our recurrent capital expenditures and the impact of IFRS 16 (*Leases*), we generated Recurrent Unleveraged Cash Flow of €238.0 million for the six months ended June 30, 2021, compared to €372.4 million, €242.7 million and €176.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Following the Euskaltel Acquisition, we expect our cash flow dynamics to improve going forward due to the high cash generative nature of Euskaltel as a result of its business profile and product mix. The majority of the synergies are contractual in nature and can be achieved with limited additional steps. In particular, run rate cost savings from the Euskaltel Acquisition consist of (i) optimization of the Euskaltel's mobile network and integration thereof with our network, which we estimate will result in significant cost savings primarily through the cancellation of NRAs for mobile network entered into by the Euskaltel and the entry into new or amended national roaming agreements ("**NRAs**") for the combined Group, (ii) optimization of the Euskaltel's fixed network and integration thereof with our network, through the partial decommissioning of the Euskaltel's hybrid fibre-coaxial ("**HFC**") network and the cancellation of FTTH network access agreements entered into by the Euskaltel and the entry into new or amended agreements for the combined Group and (iii) certain other cost savings we expect to generate from the integration of the operations, systems and functions of the Euskaltel, such as in relation to removal of duplicative corporate and other functions, reduced subscriber retention costs, and other cost savings in relation to integration of IT systems and customer care and marketing functions of the Euskaltel with those of our Group. As the majority of the cost synergies are expected to originate from NRAs and fixed network contractual savings, we expect they will thereby directly positively impact EBITDA and profits, and also improve our cash flow generation.

We have historically reinvested such cash flows into our business, primarily focusing on growing our network infrastructure. Between the beginning of 2017 and June 30, 2021, we invested approximately €904 million in the build-out of our fixed network infrastructure, now largely completed. As a result, we have achieved nationwide broadband coverage, increasing our FTTH footprint from 15.2 million BUs as of December 31, 2018, to 26.5 million BUs as of June 30, 2021. In addition, we now benefit from a modernized mobile network, which, coupled with our September 2019 Orange Agreement, includes cost-efficient 5G access, to which we expect Euskaltel will migrate going forward. In the near term, we expect network capital expenditure to be limited, increasing in line with the growth of our customer base. Given the relatively young age of our own network and our network sharing agreements with incumbent operators, we further expect to spend limited Network capital expenditure and commercial infrastructure capital expenditure for maintenance purposes the same period.

Recent investments in our fixed and mobile network have begun to yield positive results and the synergies from our recent acquisitions are being realized, improving our operating leverage and positioning us to pursue further growth.

The COVID-19 pandemic has highlighted the resilience of our business and cash flows and the success of recent investments, and more generally the importance of telecommunications services (whether in furtherance of business or leisure activities), and has positioned telecommunications services as a critical, utility-like service. Our business model has also proved highly resilient, with immediate subscriber acquisition cost savings as a result of remote subscription and service channels supporting cash flow generation and margins. This resilience has contributed to a lower-than-expected commercial impact of the COVID-19 pandemic on our cash flows and we believe that we remain poised to take advantage of continued increased demand in telecommunications services in the near-term.

A consistent, strong and experienced management team backed by supportive Sponsors

Our management team is seasoned in running, acquiring and staffing telecommunications businesses and in navigating the Spanish consumer market, leveraging expertise acquired over decades of combined experience at top-tier players including Telefónica, Vodafone Spain, Orange Spain, Airtel and ONO, and blue chip consulting and industrial firms, including Airbus, Oliver Wyman and McKinsey. More importantly, our management team has a strong track record of delivering growth from both organic initiatives and strategic acquisitions, and has won and maintained strong shareholder support, with demonstrated access to both public and private equity markets, while maintaining a strong debt capital structure.

Our CEO and co-founder, Meinrad Spenger, has acted as CEO of Masmovil since the founding of Masmovil Telecom 3.0 in 2006 and is also a member of our board of directors.

Our management team is supported by three global, multi-national private equity sponsors with extensive market knowledge and experience in the telecommunications space: Cinven, KKR and Providence.

(i) **Cinven** is a leading international private equity firm focused on building world-class global companies leveraging its European focus and expertise. Cinven uses a matrix of sector and local country expertise to target companies where it can strategically drive revenue growth and operational improvement, both in Europe and globally, and which typically require an equity investment of €200 million or more. Since 1988, the Cinven Funds have invested in more than 140 companies and led transactions with an aggregate Enterprise Value of more than €145 billion across six key sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology, Media and Telecommunications (TMT). Cinven has offices in London, New

York, Frankfurt, Madrid, Paris, Milan, Guernsey and Luxembourg.

(ii) Founded in 1976 and led by Henry Kravis and George Roberts, **KKR** is a leading global investment firm with $429 billion in assets under management as of June 2021. KKR benefits from a truly global presence, with 21 offices across 4 continents. KKR has a successful track record of long-term capital investment in the European telecommunications sector, through both its private equity and infrastructure funds. These investments include United Group in Central and Eastern Europe, TDC in Denmark, Versatel and Deutsche Glasfaser in Germany, Telxius in Spain, Hyperoptic in the UK and Hivory (formerly Altice's French tower unit) in France.

(iii) **Providence Equity Partners L.L.C.** is a premier global private equity firm with approximately $45 billion in aggregate capital commitments as of June 2021. Providence pioneered a sector-focused approach to private equity investing with the vision that a dedicated team of industry experts could build exceptional companies of enduring value. Since the firm's inception in 1989, Providence has invested in over 170 companies and is a leading equity investment firm focused on the media, communications, education, software and services industries. Providence is headquartered in Providence, RI, and also has offices in New York and London. Providence has a history of investing in the telecommunications space in Europe, having completed over 10 transactions and invested close to $4 billion since 2000 in deals such as Kabel Deutschland, TDC and Eircom. Providence has also been an active investor in Spain, having made the following acquisitions or investments since 2010: Masmovil (initial investment made in 2016), the education company Globeducate (2017) and the cable operator Ono (sold to Vodafone in 2014). Over the course of Providence's investment, Masmovil has experienced strong operative and financial growth and has become the fourth largest telecoms operator in Spain through its combination with Yoigo and Pepephone in 2016, it has continued to invest in its own fixed and mobile network an has completed a number of acquisitions with potential for value creation in Spain and abroad..

2.6. Our Strategy

Continue market share gains and ARPU enhancement with focused commercial strategy and outstanding customer experience

We operate pursuant to a segmented, multi-brand approach, which we believe positions us to address virtually all residential segments (including premium, traditional, digital-friendly and value-conscious segments) by providing value-for-money service across our brands. As part of our multi-brand strategy, we monitor consumer behaviour and attitudes in the telecommunications sector to locate what we believe are gaps in the addressable market. For example, we recently identified a gap in services provided to the Basque country in Spain, and have leveraged our multi-brand expertise to launch Guuk, a local brand associated with the culture and territorial values of the Basque region and a strong sense of belonging and social and economic commitment to the development of the area. We further believe our well-segmented multi-brand commercial strategy will allow us to continue growing our market share and ARPU in both mobile and broadband, leveraging our product and brand mix strategy while incumbent operators have resorted to price increases to counter-balance their heavy recent investments in discount strategies, acquisitions and network infrastructure.

Within our customer segments, we aim to facilitate product cross-selling and up-selling, primarily to our converged 3P bundles involving mobile services, fixed line and fixed broadband access. We remain focused on addressing the secular trend of increasing data demand, with unlimited data offerings and our converged bundles acting as a strategic lever for our high value, "more-for-more" commercial strategy which drives increased margins and ARPU. By accelerating the transition of mobile-only customers to converged bundles, we can further increase our ARPU and maintain subscriber retention. With our targeted retention initiatives such as the provision of unlimited data, cross-selling services and the renewal of headsets, we aim to further reduce subscriber churn. In addition, the integration of Euskaltel further enhances our multi-brand strategy and improve the combined offering to customers, leveraging the strong brand recognition and momentum of the Virgin telco brand resulting in greater fixed-mobile convergence.

Currently, business and wholesale services comprise a small percentage of our revenue (19.9% of our revenue for the six months ended June 30, 2021). We believe that the COVID-19 pandemic will hasten the trend of increased digitization and connectivity across all businesses, and as a result, we expect increased business and wholesale demand for telecommunications services in the near- and medium-term. As services typically demanded by businesses, such as cloud storage, web hosting, VoIP and other services, generate higher margins than consumer services due to higher bandwidth requirements, the B2B segment benefits from higher ARPU than the consumer sector. We therefore view business services, particularly to the SOHO and SME segment, as a growth opportunity, and are exploring options to expand our operations in this area.

We believe that accelerated growth is compatible with high-quality customer service and that we can retain our leading position in customer experience and satisfaction through robust service, increasing our brands' value and our ability to market our products and services to new and existing customers. Notwithstanding our focus on facilitating convergence, we believe that customer choice is an important driver of customer satisfaction, and strive to provide fair and transparent pricing to our clients without forced content bundling. In recent years, we have successfully digitalized our customer interactions, 80% of which happened through digital channels in 2020. According to a third-party survey on a sample of Western European telecommunications operators, clients are more satisfied with the interactions performed through digital channels (social networks, chat online, forums, etc.). We believe that complementing our comprehensive physical distribution network (totalling approximately 900 stores) with remote digital channels, such as our "UBER-like" application for fixed broadband installations, results in a faster and more agile customer service infrastructure, and we aim to continue increasing internet sales and expanding our eCare self-service platform to all key interactions with the user, including onboarding, fibre installation, Wi-Fi management and cross-selling..

Minimize costs by utilizing fully invested infrastructure platform with optimized network structure

In mobile, we intend to leverage our access to Orange Spain's 5G network under the September 2019 Orange Agreements and our own spectrum in the 3.5 GHz Band to provide expanded 5G mobile services to our customers. In July 2021, the Spanish government completed the auction of the remaining 5G-compatible frequencies in the 700 MHz band with the three competing operators (Telefónica, Vodafone and Orange Spain) acquiring 20 MHz each. We decided not to take part in the auction, as we will have access to the use of such spectrum through the September 2019 Orange Agreements.

In broadband, we have made strong progress on the roll-out of our own fibre network, more than doubling our own network BU footprint (including BUs operated with quasi-owner (right-of-use) agreements on quasi-owner economic terms) from 6.1 million as of December 31, 2018 to 13.7 million as of December 31, 2020. In mobile, we have our own network of over 6,645 sites as of June 30, 2021, providing 4G coverage reaching 87% of the population of Spain. We intend to continue reinforcing our own network capabilities through the continued implementation of our network sharing and network access agreements, which will increase our BUs footprint and the number of mobile subscribers operating on our network, and which we believe will address our network requirements for the foreseeable future. By fully implementing these agreements, we will be able to leverage existing and planned Orange Spain and Telefónica fixed infrastructure (including future fibre network deployments) concurrently with our own commitment to expand our own (and quasi-owned (right-of-use)) BUs.

Our dynamic approach to network infrastructure allows us to maintain agility and optimize network costs, and we plan to continue to intelligently combine use of our own infrastructure with strategic third-party infrastructure sharing and access agreements. Using third-party networks allows us to scale our network quickly with limited initial investment and long-term capital commitments and we aim to continue virtualization of our network where possible to enable optimization of network running costs and take advantage of predictive maintenance schedules on incumbent's existing network infrastructure. With two main tower providers in Spain and a high number of mutualization agreements in the fixed line sector, infrastructure is less of a differentiating factor among both mobile and fixed broadband service providers in Spain than in other markets, and with our existing network sharing agreements, we are well-positioned to leverage shared networks for continued growth. We continuously review the structure and composition of our network to ensure optimum operating leverage.

As a result of the Euskaltel Acquisition, we have the opportunity to further optimize costs and continue with our margin expansion. Firstly, due to its business model and product mix, Euskaltel has historically been a more cash generative business meaning the combination is expected to be cash flow accretive for us. Secondly, the Euskaltel Acquisition is currently estimated to yield significant cost synergies in both mobile and fixed. Sources of synergies come from mobile network optimization (migration of Euskaltel's mobile base onto our own network and deployment of additional mobile sites) and fixed network optimization (through the partial decommissioning of Euskaltel's HFC network and migrating Euskaltel's HFC footprint onto our own FTTH footprint and cancelling Euskaltel's bitstream network access agreement and entering into a new agreement on our network). We estimate that the majority of the expected synergies are contractual in nature and can be achieved with limited additional steps.

Retain lean operational structure to improve margins and promote strong growth

We believe that we have built a lean operating model with efficient internal processes and cost-reduction initiatives, evidenced by the highest revenue per employee and the highest number of lines per employee among Spanish telecommunications operators, based on management estimates, for the year ended December 31, 2020, which we aim to maintain. For example, we have initiatives relating to the reduction of costs associated to subscriber acquisition, subscriber retention and equipment and are digitalizing our onboarding processes. We intend to strategically manage our future capital expenditures which we expect to reduce from our historically higher levels of capital expenditures (including those incurred between 2018 and 2019 in connection with the expansion of our fixed mobile network and the increase of our own FTTH network, which grew from 6.1 million BUs as of December 31, 2018 to 14.2 million as of June 30, 2021. We are currently in the process of reducing our capital expenditures as our total gross capital expenditures for the year ended December 31, 2020 was €451.0 million compared to €731.0 million and €560.0 million for the years ended December 31, 2019 and 2018, respectively.

We aim to increase our profitability and improve our cash flows through continued digital transformation of our internal processes as well as customer interaction. This will derive from the increased penetration of our digital sales channels, which we believe also promotes cross-selling opportunities, digital customer support initiatives in customer service, technical support and billing processes, cost monitoring through internal controls and other operational expenditure rationalization initiatives..

Promote our distinctive "start-up" and environmentally-conscious culture

As a relatively new entrant in the Spanish telecommunications market, we pride ourselves on our distinctive "start-up" culture, which we believe has been a major part of our success in becoming the fourth largest telecommunications operator in Spain. The key tenets of our corporate culture are agility and simplicity, together, these two principles allow for knowledge, information and creative solutions to flow at a pace that improves all aspects of our business. We remain committed to ethical business practices and emphasize social responsibility across our operations. We prioritize long-term value creation above short-term benefit, and aim to positively impact our key stakeholders, society as a whole and the environment.

Continue value creation utilizing shareholders' know-how

Following our take-private in 2020, we are now indirectly controlled by a consortium of investors, led by the Seventh Cinven Fund, KKR and Providence. We believe that our structure allows us to generate additional value by providing business plan flexibility with reduced regulatory burdens. Our highly experienced and committed management team is fully aligned with our Sponsors, who are fully supportive of our management's existing commercial strategy, and we will seek to leverage the significant sectoral expertise of our Sponsors who each have an extensive track record of operational success in the European telecommunications sector.

The combination with Euskaltel has strengthened our position as the fourth largest operator in Spain, and reinforced our leading market positioning in Spain, where we have become the second largest operator in the postpaid residential mobile segment and fourth largest operator in the residential fixed broadband segment, with a full landscape of brands, nationwide proprietary fixed and mobile infrastructure, a broad product offering, a strong customer base and leading digital capabilities. The Euskaltel Acquisition is expected to improve the cash flow generation of our business due to the higher-margin business profile of Euskaltel. We believe that there is a high chance of achieving the expected synergies as they are almost fully related to contractual savings on mobile roaming and bitstream costs.

2.7. The Masmovil Acquisition and new shareholding structure

2.7.1. The Masmovil Acquisition

Lorca Telecom Bidco, S.A.U. ("**Lorca Bidco**", as defined above), a company indirectly owned with equal stakes by the Sponsors, submitted before the CNMV on June 1, 2020 a request for approval of a voluntary takeover bid over all ordinary shares in Masmovil as stock corporation which shares were listed on the Spanish Stock Exchange (*Bolsa*) at that time (the "**Offer for Masmovil**").

The terms and conditions of the Offer for Masmovil were set out in detail in the prospectus dated July 27, 2020 and authorized by the CNMV on July 29, 2020 under registration number 402. Following an analysis of the terms of the Offer on August 6, 2020, the board of directors of Masmovil Ibercom, S.A. declared its support for the Offer, as per the report that was also published on the CNMV's website by means of the relevant inside information release.

The Offer for Masmovil's initial acceptance period ended on September 11, 2020 and, as of that date, shareholders holding 86.41% of the shares in the Company tendered their shares to Lorca Bidco for an all-cash consideration equal to €22.50 per share (the "**Offer Price**"), satisfying the minimum acceptance condition of acceptance of at least 50% of the shares of the Company and implying an equity value of Masmovil equal to approximately €3.0 billion and an enterprise value of approximately €4.8 billion (calculated as market capitalization plus market value of debt net of cash and cash equivalents) (the "**Masmovil Acquisition**").

As a result of the change in the shareholding of Masmovil because of the settlement of the Offer for Masmovil, its Board of Directors approved the following resolutions in the meeting held on September 22, 2020:

(i) Change in the composition of the Board of Directors: the Board accepted the resignation of Key Wolf, S.L.U. (represented by Mr José Eulalio Poza), Mr. Rafael Canales and Mr. Rafael Domínguez de la Maza as proprietary directors, and of Mr. Felipe Fernández, Mrs. Nathalie Sophie-Picquot and Mrs. Cristina Aldámiz-Echevarría as independent directors, while appointing five new proprietary directors: Mr. Jorge Lluch, Mr. Jean-Pierre Saad, Mr. Jorge Quemada, Mr. Thomas Railhac and Mr. Robert Sudo;

(ii) Change in the number of members of the Audit and Control Committee (*Comisión de Auditoría y Control*) and in the composition of the Appointments and Remuneration Committee (*Comisión de Nombramientos y Retribuciones*);

(iii) Refinancing of the financial indebtedness of the Group because of the occurrence of change of control provisions applicable under the relevant financing agreements in an aggregate amount of 2,191 million euros, including, but not limited to, the repayment and cancellation of the syndicated facilities agreement that Lorca Holdco and certain companies of our Group executed on May 4, 2019 with a syndicate of financing entities and Banco Santander, S.A. acting as agent, in an aggregate outstanding amount of 1,555 million euro (the "**Group's Refinancing**").

    Likewise, within the context of this Group's Refinancing and in view of the future financing needs of our Group, Lorca Holdco's Board of Directors approved that Lorca Holdco and a limited number of our subsidiaries acceded to certain financing instruments raised by certain companies controlled by the Sponsors not only to finance the Euskaltel Acquisition, but also the Group's Refinancing as at the settlement date of the Offer, namely: (i) the long-term syndicated facilities agreement in an aggregate principal maximum amount of 2,700 million euro with maturity date in 2027, including a term loan up to 2,200 million euro (the "**TLB**") and a revolving credit facility (the "**RCF1**") in a maximum available amount of 500 million euro, to which the Issuer and some of our subsidiaries acceded as Borrowers (the "**Long-Term Facilities Agreement**"); (ii) a bridge loan agreement in an aggregate principal maximum amount of 800 million euro executed by Lorca Finco Plc ("**Lorca Finco**"), Lorca Bidco as original obligors and a pool of financing entities as lenders (the "**2020 Bridge Facilities Agreement**"); and (iii) the long-term bonds issued by Lorca Telecom Bondco, a wholly-owned subsidiary of Lorca Bidco, in an aggregate principal amount of 800 million euro and final maturity in 2027, which was used to refinance the 2020 Bridge Facilities Agreement (the "**Long-Term Notes**").

In addition to the accession as Borrowers and Guarantors to the RCF1 available under the Long-Term Facilities Agreement, Lorca Holdco and our material subsidiaries (*e.g.* Xfera Móviles, Lyca and Masmovil Broadband) acceded as Guarantors and undertook to create certain *in rem* security interests (share pledges and pledges over material bank accounts and intercompany loans) exclusively in relation to those amounts disbursed under the Long-Term Facilities Agreement, the Bridge Facilities Agreement and the Long-Term Notes for the purposes of the Group's Refinancing, as those amounts were made available to us by the granting of certain intercompany loans with the relevant entities (the "**Lorca Intercompany Loans**").

Pursuant to a standing purchase order (*orden sostenida*) that Lorca BidCo launched on September 23, 2020, Lorca Bidco increased its shareholding up to 91.61% of the shares in the Company at closing of trading on October 1, 2020, and subsequently increased up to 95.58% of the shares in the Company as at closing of trading on October 26, 2020, date on which an Extraordinary General Shareholders' Meeting of the Company was held, which approved, among other matters, the delisting of the Company's shares from the Spanish stock exchange (*exclusion de Bolsa*). The CNMV has suspended the trading of the Company's shares from the Spanish stock exchange with effects from November 3, 2020, date on which the standing purchase order was terminated resulting in Lorca Bidco holding ownership over 130,812,808 Company's shares that represent 99.32% of the Company's issued share capital.

2.7.2. Current shareholding structure and the Sponsors

Following the Masmovil Acquisition and as of the date of this Information Memorandum, the Sponsors hold indirectly approximately 86.0% of Lorca JVco, with the remaining 14.0% held by Key Wolf, S.L., Onchena, S.L. and Inveready Innovation Consulting, S.L (the "**Rolling Shareholders**") and certain other entities held by certain managers of the Group.

Lorca Holdco, which is the holding company of the Group, is a private limited company organized under the laws of England and Wales on March 4, 2020. Lorca JVco holds the entire share capital of Lorca Holdco. Lorca Bidco, which is the current sole shareholder of the Issuer, is a public limited company (*sociedad anónima unipersona*l) incorporated under the laws of Spain on February 4, 2020.

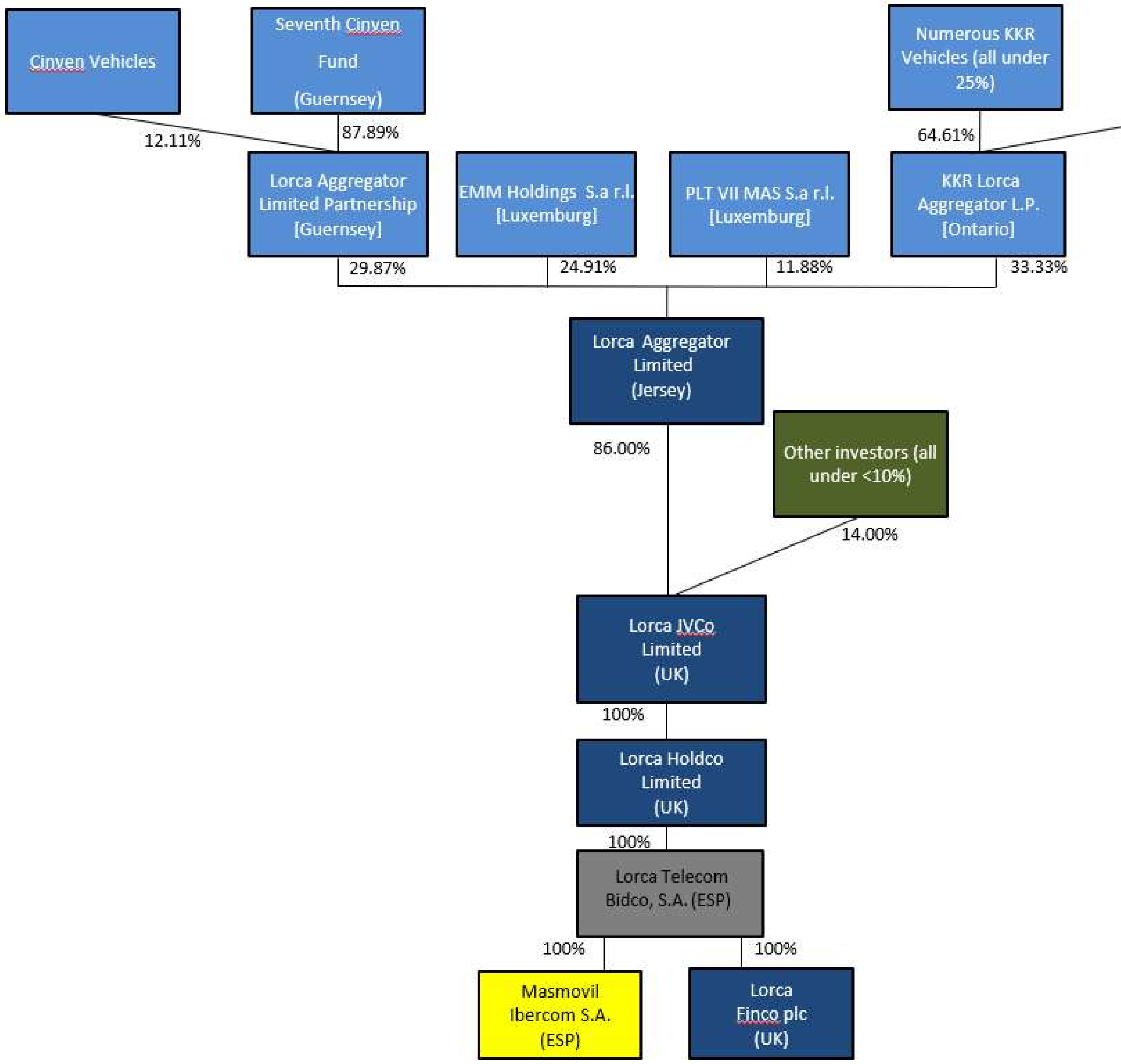
Cinven is a leading international private equity firm focused on building world-class global companies leveraging its European focus and expertise. Cinven uses a matrix of sector and local country expertise to target companies where it can strategically drive revenue growth and operational improvement, both in Europe and globally, and which typically require an equity investment of €200 million or more. Since 1988, the Cinven Funds have invested in more than 140 companies and led transactions with an aggregate Enterprise Value of more than €145 billion across six key sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology, Media and Telecommunications (TMT). Cinven has offices in London, New York, Frankfurt, Madrid, Paris, Milan, Guernsey and Luxembourg.

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with $429 billion in assets under management as of June 2021. KKR benefits from a truly global presence, with 21 offices across 4 continents. KKR has a successful track record of long-term capital investment in the European telecommunications sector, through both its private equity and infrastructure funds. These investments include United Group in Central and Eastern Europe, TDC in Denmark, Versatel and

Deutsche Glasfaser in Germany, Telxius in Spain, Hyperoptic in the UK and Hivory (formerly Altice's French tower unit) in France.

Providence Equity Partners L.L.C. is a premier global private equity firm with approximately $45 billion in aggregate capital commitments as of June 2021. Providence pioneered a sector-focused approach to private equity investing with the vision that a dedicated team of industry experts could build exceptional companies of enduring value. Since the firm's inception in 1989, Providence has invested in over 170 companies and is a leading equity investment firm focused on the media, communications, education, software and services industries. Providence is headquartered in Providence, RI, and also has offices in New York and London. Providence has a history of investing in the telecommunications space in Europe, having completed over 10 transactions and invested close to $4 billion since 2000 in deals such as Kabel Deutschland, TDC and Eircom. Providence has also been an active investor in Spain, having made the following acquisitions or investments since 2010: Masmovil (initial investment made in 2016), the education company Globeducate (2017) and the cable operator Ono (sold to Vodafone in 2014). Over the course of Providence's investment, Masmovil has experienced strong operative and financial growth and has become the fourth largest telecoms operator in Spain through its combination with Yoigo and Pepephone in 2016, it has continued to invest in its own fixed and mobile network and has completed a number of acquisitions with potential for value creation in Spain and abroad.

The shareholding structure of the Issuer as of the publication date of this Information Memorandum is shown in the chart below:


Cinven Vehicles
Seventh Cinven Fund (Guernsey)
Numerous KKR Vehicles (all under 25%)
12.11%
87.89%
64.61%
Lorca Aggregator Limited Partnership [Guernsey]
EMM Holdings S.a r.l. [Luxemburg]
PLT VII MAS S.a r.l. [Luxemburg]
KKR Lorca Aggregator L.P. [Ontario]
29.87%
24.91%
11.88%
33.33%
Lorca Aggregator Limited (Jersey)
86.00%
Other investors (all under <10%)
14.00%
Lorca JVCo Limited (UK)
100%
Lorca Holdco Limited (UK)
100%
Lorca Telecom Bidco, S.A. (ESP)
100%
100%
Masmovil Ibercom S.A. (ESP)
Lorca Finco plc (UK)

2.8. Issuer's board of directors

The following table sets forth certain information regarding the members of the board of directors of the Issuer as at the date of this Information Memorandum:

Name	Position
Eduardo Díez-Hochleitner Rodríguez	Independent Director (Chairman)
Meinrad Spenger	Chief Executive Officer
Josep Maria Echarri Torres	Director (Vice-Chairman)
José Germán López Fernández...........................	Director
Thomas Railhac...	Director
Jorge Quemada Sáenz-Badillos..........................	Director
Miguel Segura Martín	Director
Jean-Pierre Saad	Director
Jorge Lluch Pauner..	Director
Cristina Serna García-Conde.............................	Director
Robert Sudo...	Director
Stefano Bosio	Director
Tony Ball...	Director

The biography of the other members of the board of directors of Masmovil is as below:

Eduardo Díez-Hochleitner Rodríguez is the chairman of the board of directors of the Masmovil. Eduardo's career started at Dresdner Bank in Germany (1978-1980). Between 1982 and 1990, he held different positions in Banque Nationale de Paris in both Spain and France, the last position being that of general manager of Banexi, Spain. He was named general corporate manager of Grupo PRISA from 1990 to 2001 and was appointed as Iberian partner for the private equity firm Apax Partners from 2002 to 2006. He has also held various senior positions within the Norwegian media group Schibsted ASA, including as CEO of 20 Minutos from 2010 to 2012, vice-chairman of 20 Minutos from 2007 to 2010 and from 2012 to 2014 and was additionally appointed to the board of directors of Infojobs from 2010 to 2011. Eduardo is also a member of the board of directors of several companies such as Samaipata Ventures SGEIC, S.A., Gawa Capital Partners, S.L. and Global Impact Funds Management, S.à r.l. Eduardo has extensive experience as a board member, having previously sat on the boards of Boolino, Promotech Digital, Diario As, Everis, Apax Partners, Radical Technologies, Bodaclick, Màs Móvil Telecom 3.0, Canalmail, Kreab Gavin Anderson Iberia, B-Side Media and Imm Sound. He has also been a member of various advisory boards, including of, among others, The Global Steering Group for Impact Investment (GSG), NAB Spain, UnLtd Spain, y Amigos del Museo del Romanticismo, Kreab AB, Veronis Suhler Stevenson and La Nevera Roja. He holds a bachelor's degree in economics and business management from the Autonomous University of Madrid, Spain (1973-1978) and an MBA from IESE Business School, Spain (1980-82).

Meinrad Spenger is a director on the board of Lorca JVco and MasMovil, and also the Group's Chief Executive Officer. Meinrad worked as a consultant for five years at McKinsey & Company, where he served as engagement manager, gaining not only extensive international experience in countries such as Austria, Germany, Italy and Spain, but also in several sectors such as the telecommunications sector. Meinrad was one of the co-founders of Masmovil Telecom 3.0, SA where he held the position of CEO until its integration with Masmovil. Meinrad holds a bachelor's degree in law from both the University of Graz, Austria and the University of Trieste, Italy. He also holds an MBA from the Instituto de Empresa (IE), Spain and the Italian Business School SDA Bocconi, Italy.

Josep Maria Echarri Torres is a director on the board of Lorca JVco and is also a director and vice-chairman of the board of directors of Masmovil. Josep Maria was responsible for the first comprehensive program for the creation of technological companies developed by the Spanish administration and the CEO of Oryzon from 2003 to 2007. He is also the CEO of Inveready Asset Management and SGECR, SA as well as chairman of Inveready Financial Group, companies of which Josep Maria was a founding partner, and he remains their largest shareholder. Josep Maria has taken part in dozens of corporate transactions such as the sale of PasswordBank Technologies, S.L. to Symantec and the sale of Indisys, S.L. to Intel. Josep Maria is actively involved in structuring and implementing the Group's M&A strategy. Josep Maria holds a bachelor's degree in economics and actuarial sciences, both from the University of Barcelona, Spain and a master's degree in financial management from ESADE, Spain.

José Germán López Fernández is a director on the board of Lorca JVco and Masmovil and is the Group's Chief Consumer Officer. Before joining the Group, he was El Corte Ingles' purchasing manager, as well as the person responsible for its MVNO project (SWENO). He has also worked at Telefónica and France Telecom Uni2. Previously, he was also the president of Brightstar Europe (SoftBank Group), CEO for Spain and Portugal of 2020 Mobile Iberia, an logistics and distribution operator in the telecommunications sector, global COO of BQ and a member of board of directors of several companies. Germán holds a master's degree in telecommunications engineering from the Polytechnic University of Madrid, Spain and Grenoble INP Phelma (Erasmus Stage), France, an MBA from Instituto de Empresa (IE) Business School, Spain and undertook a graduate course at Wharton Business School, University of Pennsylvania, United States under the CEO Global Programme at IESE Business School, Spain.

Thomas Railhac is a director on the board of Lorca JVco and Masmovil, co-leads Cinven's TMT sector team and is a member of Cinven's regional team for France. He has been involved in a number of transactions at Cinven, including Allegro, Host Europe Group (formerly HEG), Numericable, One.com, RTB House, Ufinet and Ufinet International. Prior to joining Cinven, Thomas worked in the private equity division of Goldman Sachs (Goldman Sachs Principal Investment Area (PIA)) in London. Thomas has an MSc degree in engineering from the École Centrale, France.

Jorge Quemada Sáenz-Badillos is a director on the board of Lorca JVco and Masmovil and a partner at Cinven, where he is the head of the Madrid office. Jorge is also a member of the Business Services Sector team at Cinven and leads its Iberia regional team. Jorge has been involved in a number of transactions at Cinven, including Hotelbeds, Planasa, Prezioso, Tinsa, Ufinet and Ufinet International. Previously, Jorge worked for more than 13 years at 3i in Madrid and London. During the last four years he was a partner at 3i in Spain, where he worked on investments in the Iberian market. Previously, Jorge worked at Société Générale in the international division in Paris. Jorge has an MBA from INSEAD and an MA in economics and business administration from the Complutense University of Madrid and University of Paris.

Miguel Segura Martín is a member of the board of directors of Masmovil and a senior principal at Cinven. At Cinven, Miguel is a member of the TMT and Business Services teams. In addition to the acquisition of Masmovil, Miguel has participated in several transactions at Cinven, including in relation to Ufinet, Hotelbeds, Tinsa, Planasa, Spire and Ufinet Internacional. Before joining Cinven in 2012, Miguel worked at Grupo 3i in Madrid, where he was an associate and participated in various transactions in the TMT and consumer sectors. Miguel currently also is a director of Placin Midco S.a.r.l., Tigruti ITG, S.L., Ufinet Latam, S.L. and Cinven Spain, S.L.U. He holds a bachelor's degree in business administration from Carlos III University of Madrid, Spain and an MBA from Columbia Business School, United States.

Jean-Pierre Saad is a director on the board of Lorca JVco and Masmovil. Jean-Pierre joined KKR in 2008 and is a member of KKR's EMEA Private Equity platform, where he co-heads the TMT team. He has led KKR's investments in Exact, OVH, SoftwareONE and United Group (formerly SBB/Telemach) and was previously involved in NXP Semiconductors, Acteon, Van Gansewinkel and Legrand. He currently serves on the board of Exact, OVH and SoftwareONE. Prior to joining KKR, he worked in the telecoms and media team of Lehman Brothers in London. Mr. Saad holds a *grande ecole* degree from HEC Paris as well as an engineering degree with high distinction in computer and communications from the American University of Beirut, Lebanon.

Jorge Lluch Pauner is a member of the board of directors of Masmovil and a representative of KKR, where he is a member of the KKR's European Private Equity team. Jorge focuses on private equity investing in Spain and also works with specialized teams across all investment platforms in the region, including infrastructure, credit and real estate. He spent seven years at Advent International focusing on investments in Spain and the rest of Europe. Prior to Advent, Jorge worked at Morgan Stanley in its investment banking team. He holds an MA in management and finance as well as an MA in law from the Universidad Pontificia de Comillas (ICADE), Spain.

Cristina Serna García-Conde is a director on the board of Lorca JVco and Masmovil. Cristina started her professional career in the field of M&A operations and debt restructuring at Blackstone Advisory Partners and later PJT Partners, based in London. Since 2018 she has been part of the KKR investment team in Europe in London and Madrid, participating in the portfolio management and execution of new private equity investments in different sectors and with a particular focus on Spain. She is also a member of the Board of Directors of Grupo Alvic. She holds a degree in business administration and management from ESADE, Spain.

Robert Sudo is a director on the board of Lorca JVco and Masmovil, and a representative of Providence, where he is a managing director based in London. Robert is also a director of Ambassador Theatre Group, Bitė, CloserStill Media, HSE24 and Volia. Prior to joining Providence in 2004, Robert worked as an analyst at Goldman Sachs in its mergers and acquisitions and corporate finance teams. Robert received a diploma in business administration from HHL Leipzig Graduate School of Management, Germany.

Stefano Bosio is a director on the board of Lorca JVco and Masmovil and part of the investment team at Providence Equity focusing on investments in the telecom, education, media and software space. He has been part of Providence's deal team for Masmovil since 2017, at the time of Providence's first investment in Masmovil. He was also involved in Providence's investment in Galileo Global Education in 2018, of which he was a board member until its sale in 2020. Prior to joining Providence, Stefano was part of the investment banking team at JP Morgan in London. Stefano holds a master's degree in management from ESCP, France.

Tony Ball is a director on the board of Lorca JVco and Masmovil and is a senior advisor at Providence since 2012. Previously, he was the chairman of Kabel Deutschland ("**KDG**") from 2005 and led the company's management, business transformation and IPO in 2010, culminating in its sale to Vodafone in 2013. Prior to joining KDG, he served as the CEO of BSkyB, the largest pay TV broadcaster in Europe where he led the company through a strong period of growth. Previously, he was the CEO of the News Corporation/Liberty Media joint venture, Fox/Liberty Networks, which included the FX Networks, Fox Sports Net and over 20 regional sports channels throughout the United States. Tony also served as president of Fox Sports International where he oversaw the creation and the operation of sports television businesses in North America, Latin America, Asia and Australia. Tony is the chairman of Bitė Group, and also serves on the boards of Banco Sabadell and Ambassador Theatre Group. Tony received an MBA from Kingston University and has been awarded honorary doctorates from both Middlesex University and Kingston University, United Kingdom. He is also a Fellow of the Royal Television Society and a Fellow of the Institute of Engineering and Technology.

2.9 The Erik Transactions and Recent Developments

2.9.1. The Euskaltel Acquisition

On March 31, 2021, Kaixo Telecom, S.A.U. (the "**Bidder**"), a wholly owned subsidiary of Masmovil Ibercom, S.A.U. ("**Masmovil**"), filed an application with the CNMV for an all-cash voluntary public tender offer (the "**Public Tender Offer**") for all shares in Euskaltel, S.A. (the "**Euskaltel**"). On July 5, 2021, the CNMV approved and authorized the Public Tender Offer launched by the Bidder. Following an analysis of the terms of the Public Tender Offer on July 12, 2021, the board of directors of the Euskaltel gave a favourable assessment of the Public Tender Offer.

The Public Tender Offer's initial acceptance period ended on July 30, 2021 and, as of that date, shareholders holding 97.67% of the shares in the Euskaltel had tendered their shares to the Bidder for an all-cash consideration equal to €11.00 per share (the "**Offer Price**"), satisfying the minimum acceptance condition of acceptance of at least 75% plus one of the shares of the Euskaltel and implying an equity value of the Euskaltel equal to approximately €2.0 billion and an enterprise value of approximately €3.5 billion (calculated as market capitalization plus market value of debt net of cash and cash equivalents). The settlement of the Public Tender Offer occurred on August 10, 2021.

Thereafter, on August 27, 2021, the Bidder acquired the remaining 2.33% of the shares of the Euskaltel pursuant to a compulsory squeeze-out procedure (the "**Euskaltel Acquisition Squeeze-out**"). The Euskaltel Acquisition Squeeze-Out was settled on August 31, 2021. In addition, the trading in the shares of the Euskaltel was suspended with effect from August 17, 2021 and the shares of the Euskaltel were delisted, with effect from the settlement of the Euskaltel Acquisition Squeeze-out on August 31, 2021.

Concurrently with the settlement of the Public Tender Offer and the acquisition of 97.67% of the shares of the Euskaltel, on August 10, 2021, Lorca Finco granted an intercompany loan to the Euskaltel (the "**Euskaltel Intercompany Loan**") to refinance and cancel certain existing indebtedness of the Euskaltel Group under the Euskaltel Group Facilities (the "**Euskaltel Refinancing**").

Lorca Finco funded the Euskaltel Acquisition (i.e. both the Public Tender Offer and the Euskaltel Acquisition Squeeze-out), the Euskaltel Refinancing and certain related fees and expenses with the proceeds from the following sources:

- drawings under Facility B2 of the Senior Long-Term Facilities Agreement;
- drawings under the Bridge Facilities, consisting of both the Senior Secured Bridge Facility and the Senior Bridge Facility, which we intend to fully repay and cancel with a portion of the proceeds of this offering of New Long-Term Notes and the Incremental Facility B2; and
- drawings under the Asset Bridge Facility.

The following table illustrates the estimated sources and uses related to the Euskaltel Acquisition, including pursuant to both the Public Tender Offer and the Euskaltel Acquisition Squeeze-out, and the Euskaltel Refinancing. Actual amounts might vary from amounts set forth below due to several factors, including the actual amount of expenses related to the Euskaltel Acquisition and the Euskaltel Refinancing and the rounding effects.

Sources of Funds		**Uses of Funds**	
	(€ in millions)		
Facility B2 [(1)]	800.0	Acquisition consideration[(4)]	1,965.2
Bridge Facilities[(2)]	2,193.6	Euskaltel Refinancing[(5)]	1,437.9
Of which		Lenders fees and financial transactions tax[(6)]	89.6
Senior Secured Bridge Facility[(2)]....	*1,750.0*	Cash on balance sheet	0.9
Senior Bridge Facility[(2)].................	*443.6*		
Asset Bridge Facility[(3)]	500.0		
Total sources	**3,493.6**	**Total uses**	**3,493.6**

Notes:

(1) On July 3, 2020, Lorca Holdco, among others, entered into a €2.7 billion senior secured term and revolving facilities agreement (as amended and restated on July 13, 2020 and August 26, 2020), which provided for a €2,200.0 million term loan facility (the "**Facility B1**"), currently utilized in full, and a €500.0 million revolving credit facility (the "**RCF1**" and, together with Facility B1, the "**Existing Senior Long-Term Facilities**"), as further amended and restated on March 26, 2021 and May 11, 2021 (the "**Senior Long-Term Facilities Agreement**") to, among others, increase the available amounts by establishing: (i) an additional €800.0 million term loan facility (the "**Facility B2**") and (ii) an additional €250.0 million revolving credit facility (the "**RCF2**" and, together with Facility B2, the "**New Senior Long-Term Facilities**"). See "*Description of Certain Financing Arrangements—Senior Long-Term Facilities Agreement*." On August 6, 2021, Lorca Finco, as a borrower under the Senior Long-Term Facilities Agreement, drew €800.0 million under Facility B2 to provide funds to pay for a portion of (a) the Euskaltel Acquisition consideration for the acquisition of 97.67% of the shares of the Euskaltel pursuant to the Public Tender Offer, via the Masmovil Intercompany Loan and the Bidder Intercompany Loan and (b) the Euskaltel Refinancing, via the Euskaltel Intercompany Loan, in each case, including certain transaction costs in connection with the Erik Transactions, and as further described in footnote (2) below.

(2) On March 26, 2021, Lorca Finco and Kaixo Telecom Bondco, S.A.U. (as borrowers), among others, entered into certain bridge facilities agreements (the "**2021 Bridge Facilities Agreements**," as amended and restated on May 11, 2021), which provide for €2,193.6 million bridge facilities, including: (i) a €1,750.0 million senior secured bridge facility (the "**Senior Secured Bridge Facility**") and (ii) a €443.6 million senior bridge facility (the "**Senior Bridge Facility**" and, together with the Senior Secured Bridge Facility, the "**Bridge Facilities**"). On August 6, 2021, Kaixo Telecom Bondco, S.A.U. drew €397.0 million under the Senior Bridge Facility and applied the proceeds therefrom to provide funds to Lorca Finco via the Finco Intercompany Loan. In addition, Lorca Finco drew €1,750 million under the Senior Secured Bridge Facility, and applied the proceeds therefrom, together with the proceeds from a portion of the Finco Intercompany Loan (€397.0 million), the proceeds from Facility B2 (€800.0 million) and the proceeds from the Asset Bridge Facility (€500.0 million) to provide the funds (i) on August 6, 2021, to Masmovil for an aggregate amount of €1,578.2 million under the Masmovil Intercompany Loan so as to enable Masmovil to make an equity contribution in the Bidder, and to the Bidder for an aggregate amount of €394.5 million under the Bidder Intercompany Loan, and the aggregate proceeds of which were used to pay the Euskaltel Acquisition consideration for the acquisition of 97.67% of the shares of the Euskaltel pursuant to the Public Tender Offer; and (ii) on August 10, 2021, to the Euskaltel for an aggregate amount of €1,474.3 million under the Euskaltel Intercompany Loan for purposes of the Euskaltel Refinancing, in each case, including certain transaction costs in connection with the Transactions. In addition, on August 27, 2021, Kaixo Telecom Bondco, S.A.U. drew a further €46.6 million under the Senior Bridge Facility and applied the proceeds therefrom to provide additional funds to Lorca Finco via the Finco Intercompany Loan (increasing the aggregate amount thereof to €443.6 million). Lorca Finco applied (i) €9.3 million of such additional proceeds from the Finco Intercompany Loan to provide funds to the Bidder under the Bidder Intercompany Loan (increasing the aggregate amount thereof to €403.9 million) and (ii) €37.3 million of such additional proceeds from the Finco Intercompany Loan to provide funds to Masmovil under the Masmovil Intercompany Loan (increasing the aggregate amount thereof to €1,615.5 million), in each case, to fund the compulsory acquisition of the remaining 2.33% shares in the Euskaltel held by minority shareholders pursuant to the Euskaltel Acquisition Squeeze-out and certain transaction costs in connection with the Erik Transactions. See "*Capitalization*."

(3) On March 26, 2021, Lorca Finco (as borrower), among others, entered into the Asset Bridge Facility Agreement, which provides for €500.0 million under the Asset Bridge Facility. On August 6, 2021, Lorca Finco drew €500.0 million under the Asset Bridge Facility, and applied the proceeds therefrom, together with the proceeds from Facility B2, the Senior Secured Bridge Facility and the Finco Intercompany Loan, to provide a portion of (a) the Euskaltel Acquisition consideration for the acquisition of 97.67% of the shares of the Euskaltel pursuant to the Public Tender Offer, via the Masmovil Intercompany Loan and the Bidder Intercompany Loan and (b) the Euskaltel Refinancing, via the Euskaltel Intercompany Loan, in each case, including certain transaction costs in connection with the Erik Transactions, and as further described in footnote (2) above. While we expect to enter into contractual arrangements relating to the Netco

Asset Disposal during the fourth quarter of 2021, as of the date of this Information Memorandum, we have not entered into any such contractual arrangements and there is therefore no certainty that we will be able to consummate the Net Asset Disposal within the time frame or on the terms that we currently expect, or at all. See "*Risk Factors—Risks Relating to Our Indebtedness and Financial Information— We might be unable to enter into contractual arrangements in relation to the Netco Asset Disposal, or complete it within the time frame or on the terms that we currently expect, or at all*."

(4) Represents the aggregate consideration in relation to the Euskaltel Acquisition, consisting of (i) €1,919.3 million in relation to the Public Tender Offer, pursuant to which the Bidder acquired 97.67% of the shares of the Euskaltel on August 10, 2021, and (ii) €45.8 million in relation to the Euskaltel Acquisition Squeeze-out, pursuant to which the Bidder acquired 2.33% of the remaining shares of the Euskaltel on August 31, 2021, representing in each case a purchase price per share equal to €11.00.

(5) Represents €1,435.0 million aggregate principal amount outstanding under the Euskaltel Group Facilities, plus accrued and unpaid interest in an aggregate amount of €2.8 million (as of August 10, 2021, which was the date of settlement of the Public Tender Offer) and debt cancellation costs of 0.1 million. Certain Euskaltel Commercial Paper Notes issued by the Euskaltel, consisting of €150.0 million of aggregate indebtedness, was not refinanced in connection with the Euskaltel Acquisition and remains on our balance sheet. See "*Capitalization.*" and "*Description of Certain Financing Arrangements—Euskaltel Commercial Paper Notes.*"

(6) Represents the fees and expenses payable to the lenders under Facility B2, the Bridge Facilities and the Asset Bridge Facilities, consisting of commitment, funding and certain other fees (€85.7 million), and the financial transactions tax (€3.9 million).

2.9.2. The Offering of the New Long-Term Notes

As described under section 2.9.1. above, in connection with the Euskaltel Acquisition and the Euskaltel Refinancing, among others, Lorca Finco entered into certain bridge facilities agreements (the "**2021 Bridge Facilities Agreements**") which provide for certain bridge facilities of up to €2,193.6 million. On August 6, 2021, Kaixo Bondco Telecom, S.A.U. ("**Kaixo Bondco**" or the "**Senior Long-Term Notes Issuer**") drew €397.0 million under the Senior Bridge Facility and applied the proceeds therefrom to provide funds to Lorca Finco via a certain intercompany loan (the "**Finco Intercompany Loan**"). On August 6, 2021, Lorca Finco, among others, drew €1,750 million under the Senior Secured Bridge Facility and applied the proceeds therefrom, along with a portion of the proceeds under the Finco Intercompany Loan (€397.0 million), Facility B2 (€800.0 million) and the Asset Bridge Facility (€500.0 million), to provide the funds, (i) on August 6, 2021, to Masmovil for an aggregate amount of €1,578.2 million under the Masmovil Intercompany Loan so as to enable Masmovil to make an equity contribution in the Bidder (i.e. Kaixo Telecom), and to the Bidder for an aggregate amount of €394.5 million under the Bidder Intercompany Loan, and the aggregate proceeds of which were used to pay the Euskaltel Acquisition consideration for the acquisition of 97.67% of the shares of the Euskaltel pursuant to the Public Tender Offer and (ii) on August 10, 2021, to the Euskaltel for an aggregate amount of €1,474.3 million under the Euskaltel Intercompany Loan for purposes of the Euskaltel Refinancing, in each case, including certain transaction costs in connection with the Erik Transactions. In addition, on August 27, 2021, Kaixo Bondco drew a further €46.6 million under the Senior Bridge Facility and applied the proceeds therefrom to provide additional funds to Lorca Finco via the Finco Intercompany Loan (increasing the aggregate amount thereof to €443.6 million). Lorca Finco applied (i) €9.3 million of such additional proceeds from the Finco Intercompany Loan to provide funds to the Bidder under the Bidder Intercompany Loan (increasing the aggregate amount thereof to €403.9 million) and (ii) €37.3 million of such additional proceeds from the Finco Intercompany Loan to provide funds to Masmovil under the Masmovil Intercompany Loan (increasing the aggregate amount thereof to €1,615.5 million), in each case, to fund the compulsory acquisition of the remaining 2.33% shares in the Euskaltel held by minority shareholders pursuant to the Euskaltel Acquisition Squeeze-out and certain transaction costs in connection with the Erik Transactions.

Following the issue date (October 13, 2021), the proceeds from the offering of the New Senior Secured Long-Term Notes were used by Lorca Telecom Bondco, S.A.U. ("**Lorca Telecom Bondco**" or the "**Senior Secured Long-Term Notes Issuer**") to provide the Senior Secured Proceeds Loan Notes, and the proceeds from the offering of the Senior Long-Term Notes will be used by Kaixo Bondco to provide the Senior Proceeds Loan Notes, and Lorca Finco will use the aggregate proceeds of the Senior Secured Proceeds Loan Notes and the Senior Proceeds Loan Notes to (a) provide for the repayment of a portion of the principal amount of the Senior Secured Bridge Facility and all amounts under the Senior Bridge Facility and (b) pay costs, fees and expenses incurred in connection with the Erik Transactions. Promptly following the relevant issue date, Lorca Finco is expected to draw €200.0 million under the Incremental

Facility B2, a portion of which will be used to repay the remaining amount outstanding under the Senior Secured Bridge Facility.

2.9.3. Netco Asset Disposal

We intend to enter into a transaction for the potential transfer of up to 1.1 million BUs in our HFC network, concentrated in Northern Spain, to a joint venture network company (the "**Netco**"), in which we expect to hold a minority stake (the "**Netco Asset Disposal**"). We expect to set up Netco jointly with certain investors, who will hold the majority stake in Netco. In the event that the Netco Asset Disposal is consummated, Netco would own and operate the BUs transferred by us. Based on our current expectations, we expect to enter into an agreement with the relevant investors relating to the creation of Netco and the Netco Asset Disposal during the fourth quarter of 2021, and expect to complete the transaction during the first quarter of 2022. Upon completion of the Netco Asset Disposal, we expect to be the anchor client of Netco with a volume commitment corresponding to 85% of the customer base on the network. In addition, we expect to enter into an arrangement under which Netco will commit to the completion of the retrofitting and upgrade of the HFC network, which will be managed by us, and pursuant to which we will grant an exclusive 25-year arrangement to Netco.

We currently expect to receive at least €500 million of net proceeds from the Netco Asset Disposal, net of any equity investment that we would be required to make in order to obtain a minority stake in Netco. We intend to utilize the proceeds from the Netco Asset Disposal to repay in full and cancel the Asset Bridge Facility.

As of the date of this Information Memorandum, we have not entered into any contractual arrangements or commitments in relation to the Netco Asset Disposal. In the event that we enter into the relevant contractual arrangements in relation to the Netco Asset Disposal, which we expect will occur during the fourth quarter of 2021, we expect the completion to be subject to a number of closing conditions, including applicable regulatory and antitrust approvals (if any). There is no certainty that we will be able to enter into the relevant contractual arrangements, or once we enter into such arrangements, we will be able to complete the Netco Asset Disposal within the expected time frame, or on the terms that we currently expect, or at all. See "*Forward-Looking Statements*" *and* "*Risk Factors—Risks Relating to Our Indebtedness and Financial Information—We might be unable to enter into contractual arrangements in relation to the Netco Asset Disposal, or complete it within the time frame or on the terms that we currently expect, or at all.*"

2.10. Description of Certain Financing Arrangements

The following contains a summary of the terms of our key items of indebtedness and is presented, unless otherwise indicated, as of the ate hereof. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Capitalized terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the underlying debt documents, as applicable.

2.10.1. Original Senior Secured Long-Term Notes

Lorca Telecom Bondco, S.A.U. ("**Lorca Telecom Bondco**" or the "**Senior Secured Long-Term Notes Issuer**"), a wholly-owned subsidiary of Lorca Bidco, issued (i) on September 30, 2020, €720,000,000 in aggregate principal amount of its Senior Secured Long-Term Notes due 2027 and (ii) on November 10, 2020, an additional €80,000,000 in aggregate principal amount of the Senior Secured Long-Term Notes due 2027 (together the "**Original Senior Secured Long-Term Notes**"), in each case, under the indenture regulating these (the "**Senior Secured Long-Term Notes Indenture**"). The Original Senior Secured Long-Term Notes remain outstanding as of the date of this Information Memorandum. Generally, the New Senior Secured Long-Term Notes will have the same terms as the Original Senior Secured Long-Term Notes and will constitute a single series and will be treated as a single class of debt securities under the Senior Secured Long-Term Notes Indenture, including with respect to waivers, amendments, redemptions and offers to purchase.

2.10.2. New Senior Long-Term Notes

The following is a description of the €1,550,000,000 aggregate principal amount of additional Senior Secured Long-Term Notes due 2027 (the "**New Senior Secured Long-Term Notes**") and of the €500.0 million aggregate principal amount of 5.125% Senior Long-Term Notes due 2029 (the "**Senior Long-Term Notes**" and, together with the New Senior Secured Long-Term Notes, the "**New Long-Term Notes**").

The New Senior Secured Long-Term Notes were issued last October 13, 2021 as "Issue Date" by Lorca Telecom Bondco, while the Senior Long-Term Notes were issued on the same Issue Date by Kaixo Bondco Telecom, S.A.U., a public limited liability company incorporated under the laws of Spain ("**Kaixo Bondco**" or the "**Senior Long-Term Notes Issuer**"). Both the Senior Secured Long-Term Notes Issuer and the Senior Long-Term Notes Issuer are direct wholly-owned subsidiary of Lorca Bidco (which is the Issuer's sole shareholder as per the shareholders' structure chart included in section 2.7.2. above.

The New Senior Secured Long-Term Notes were issued under the indenture dated as of September 30, 2020 among, inter alios, Lorca Telecom Bondco, Lorca Bidco, Lorca Holdco and Deutsche Trustee Company Limited as trustee (the "**Trustee**"), Deutsche Bank AG, London Branch as paying agent (the "**Paying Agent**") and Deutsche Bank Luxembourg S.A. as transfer agent and registrar (in such capacities, the "**Transfer Agent**" and "**Registrar**"), as supplemented on September 30, 2020 (the "**Senior Secured Long-Term Notes Indenture**"), in a private transaction that is not subject to the registration requirements of the US Securities Act. The terms of the New Senior Secured Long-Term Notes include those stated in the Senior Secured Long-Term Notes Indenture and will not be qualified under nor will they incorporate provisions by reference, or be subject, to the U.S. Trust Indenture Act of 1939 (as amended).

The Original Senior Secured Long-Term Notes, the New Senior Secured Long-Term Notes and any further Additional Senior Secured Long-Term Notes (as defined below) subsequently issued under the Senior Secured Long-Term Notes Indenture after the issue date will be treated as a single class for all purposes under the Senior Secured Long-Term Notes Indenture, including without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Senior Secured Long-Term Notes Indenture.

On the other hand, Kaixo Bondco as Senior Long-Term Notes Issuer has issued on October 13,2021, the Senior Long-Term Notes under an indenture (the "**Senior Long-Term Notes Indenture**") among, inter alios, Kaixo Bondco as Senior Long-Term Notes Issuer, Lorca Bidco, Lorca Holdco and Deutsche Trustee Company Limited as trustee (the "**Trustee**"), Deutsche Bank AG, London Branch as paying agent (the "**Paying Agent**") and Deutsche Bank Luxembourg S.A. as Transfer Agent and Registrar, in a private transaction that is not subject to the registration requirements of the US Securities Act. The terms of the Senior Long-Term Notes include those stated in the Senior Long-Term Notes Indenture and will not be qualified under nor will they incorporate provisions by reference, or be subject, to the U.S. Trust Indenture Act of 1939 (as amended).

The gross proceeds of the New Senior Secured Long-Term Notes were on-lent by Lorca Telecom Bondco to Lorca Finco, which has allowed Lorca Finco, together with the proceeds of the Incremental Facility B2 to (a) repay all amounts outstanding under the Senior Secured Bridge Facility, the proceeds of which were used, the Facility B2 and the Asset Bridge Facility, to (i) fund the purchase price for Euskaltel, and (ii) refinance certain existing indebtedness of the Euskaltel Group, in each case, including certain costs, fees and expenses incurred in connection with the Erik Transactions (other than the offering of New Notes) and (b) pay costs, fees and expenses incurred in connection with the Erik Transactions, as these are described above.

At the same time, the gross proceeds of the Senior Long-Term Notes has ben utilized by Kaixo Bondco as Senior Notes Issuer to (a) repay all amounts outstanding under the Senior Bridge Facility, the proceeds of which were used, together with the proceeds from the Senior Secured Bridge Facility, the Facility B2 and the Asset Bridge Facility, to the same purposes as stated in the foregoing paragraph.

The following is a brief, non-exhaustive summary of some material provisions of the New Long-Term

Notes that we consider that might be of interest for a prospective investor in the Commercial Paper Notes and refers to a certain intercreditor agreement dated July 3, 2020 (as amended from time to time, including pursuant to an amendment and restatement agreement dated July 13, 2020), by and among, *inter alios*, Lorca Holdco as parent and original debtor, Lucid Agency Services Limited as senior facility agent, and Lucid Trustee Services Limited as security agent, and to which, Lorca Telecom Bondco as Senior Secured Notes Issuer and the Senior Secured Notes Trustee acceded on September 30, 2020, and Kaixo Bondco as Senior Long-Term Notes Issuer acceded on March 26, 2021 (the "**Intercreditor Agreement**").

Maturity Date

- New Senior Secured Long-Term Notes: September 18, 2027.
- Senior Long-Term Notes: September 30, 2029.

Issue Date

October 13, 2021

Issue Price

- New Senior Secured Long-Term Notes: 100.000% plus accrued interest from September 15, 2021 to, but excluding, the Issue Date.
- Senior Long-Term Notes: 100.000%.

Interest Payment Date

Semi-annually in arrear on each of March 15 and September 15, commencing on March 15, 2022.

Denominations

The New Notes will be in denominations of €100,000 and any integral multiples of €1,000 in excess of €100,000. New Notes in denominations of less than €100,000 will not be available.

Ranking

The New Senior Secured Long-Term Notes will:

- be senior obligations of Lorca Telecom Bondco as Senior Secured Issuer;
- be secured by certain first-ranking pledges over the Collateral, as set forth under section "Collateral" below;
- rank pari passu in right of payment with all of Lorca Holdco's existing and future debt that is not subordinated in right of payment to the New Senior Secured Long-Term Notes, including obligations in respect of the Existing Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement;
- rank senior in right of payment to all of Lorca Holdco's existing and future debt that is expressly subordinated in right of payment to the Senior Secured Long-Term Notes, including its obligations in respect of the Senior Long-Term Notes;
- be effectively subordinated to any existing and future indebtedness or obligation of Lorca Holdco and its subsidiaries (including obligations to trade creditors) that is secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligation or indebtedness; and
- be structurally subordinated to any existing and future indebtedness of subsidiaries of Lorca Holdco, including, among other subsidiaries, the Issuer of the Commercial Paper Notes (including obligations to trade creditors), other than Lorca Telecom Bondco, that do not guarantee the New Senior Secured Long-Term Notes.

The Senior Long-Term Notes will:

- be senior obligations of Kaixo Bondco as Senior Long-Term Notes Issuer, secured on a limited basis as set forth under section "Collateral—Shared Collateral" below;
- rank pari passu in right of payment with all of Kaixo Bondco's existing and future debt that is not subordinated in right of payment to the Senior Long-Term Notes, including Kaixo Bondco's obligations in respect of the Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement;
- rank senior in right of payment to all of Lorca Holdco's future debt that is expressly subordinated in right of payment to the Senior Long-Term Notes;
- be effectively subordinated to any existing and future indebtedness or obligation of Lorca Holdco and its subsidiaries including, among other subsidiaries, the Issuer of the Commercial Paper Notes (including obligations to trade creditors) that are secured by liens ranking ahead of the liens securing the Senior Long-Term Notes or secured by property and assets that do not secure the Senior Long-Term Notes, including the Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement, to the extent of the value of the property and assets securing such indebtedness or obligation; and
- be structurally subordinated to any existing and future indebtedness of subsidiaries of Lorca Holdco including, among other subsidiaries, the Issuer of the Commercial Paper Notes (including obligations to trade creditors), other than Kaixo Bondco, that do not guarantee the Senior Long-Term Notes.

Guarantees

As from the Issue Date, subject to certain principles as "Agreed Security Principles", the New Senior Secured Long-Term Notes are guaranteed on a senior secured basis and the Senior Long-Term Notes will be guaranteed on a senior subordinated basis, in each case by (i) Lorca Holdco, Lorca Finco plc and Lorca Bidco (collectively, the "**Parent Guarantors**") and (ii) the Issuer of the Commercial Paper Notes (i.e. Masmovil), Lyca, Masmovil Broadband, S.A.U., Xfera Móviles, S.A.U., Kaixo Telecom, S.A.U., Kaixo Bondco (in the case of the New Senior Secured Long-Term Notes) or Lorca Telecom Bondco (in the case of the Senior Long-Term Notes) (collectively, the "**Masmovil Guarantors**" and, together with the Parent Guarantors, the "**Initial Guarantors**"). In addition, as soon as reasonably practicable after the Issue Date and in any event within the date that is 120 days from the Issue Date, subject to the Agreed Security Principles, the New Senior Secured Long-Term Notes will be guaranteed on a senior secured basis and the Senior Long-Term Notes will be guaranteed on a senior subordinated basis, in each case, by the Euskaltel and R Cable y Telecable Telecomunicaciones (together the "**Euskaltel Guarantors**" and, together with the Masmovil Guarantors, the "**Subsidiary Guarantors**") The Parent Guarantors and the Subsidiary Guarantors are collectively referred to herein as "**Guarantors**" and, the guarantees provided by them as "**Notes Guarantees**"

The Guarantors also guarantee the Senior Long-Term Facilities Agreement and the Asset Bridge Facility on a senior secured basis, *pari passu* with the Notes Guarantees of the Senior Secured Long-Term Notes.

Ranking of the Notes Guarantees to the Senior Secured Long-Term Note

Each Guarantee to the New Senior Secured Long-Term Notes will:

- be a senior obligation of the relevant Guarantor (therefore, senior obligations of the Issuer of the Commercial Paper Notes, inter alios);
- be secured by first-ranking pledges over the Collateral, as set forth under section "Collateral" below;
- rank pari passu in right of payment with all of that Guarantor's existing and future indebtedness that is not subordinated in right of payment to its Notes Guarantee, including obligations in respect of the Existing Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement;
- rank senior in right of payment to any existing or future indebtedness of the relevant Guarantor that

is subordinated in right of payment to its Notes Guarantee, including, other than for Kaixo Bondco as Senior Long-Term Notes Issuer, its obligations in respect of the Senior Long-Term Notes;

- rank effectively senior to any existing and future unsecured indebtedness of that Guarantor (therefore, senior obligations of the Issuer of the Commercial Paper Notes, inter alios), to the extent of the value of the Collateral that is available to satisfy the obligations under Notes Guarantees; and
- be effectively subordinated to any existing and future indebtedness of that Guarantor (including obligations to trade creditors) that is secured by property or assets that do not do not constitute Collateral, to the extent of the value of the property and assets securing such obligations or indebtedness; and
- be structurally subordinated to any existing and future indebtedness or other obligations of that Guarantor's subsidiaries (including obligations to trade creditors) that do not guarantee the New Senior Secured Long-Term Notes.

Ranking of the Notes Guarantees to the Senior Long-Term Notes

Each Guarantee to the Senior Long-Term Notes will:

- be a senior subordinated obligation of that Guarantor (therefore, senior obligations of the Issuer of the Commercial Paper Notes, inter alios);
- be subordinated in right of payment to all of that Guarantor's existing and future indebtedness that ranks senior to its Notes Guarantee, including that Guarantor's obligations in respect of the Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement;
- rank pari passu in right of payment with any of that Guarantor's existing and future senior subordinated indebtedness;
- rank senior in right of payment with any of that Guarantor's future indebtedness that is expressly subordinated to such Guarantee;
- be effectively subordinated to any existing and future indebtedness of that Guarantor (including obligations to trade creditors) that is secured by property or assets that do not secure that Guarantor's guarantee, to the extent of the value of the property and assets securing such obligation or indebtedness; and
- be structurally subordinated to any existing and future indebtedness or other obligations of that Guarantor's subsidiaries (including obligations to trade creditors) that do not guarantee the Senior Long-Term Notes.

Limitation of the Notes Guarantees

The obligations of each Guarantor (therefore, including the obligations of Masmovil Ibercom) under its Notes Guarantee will be contractually limited under the applicable Notes Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, financial assistance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners.

In particular, the Notes Guarantees of the Subsidiary Guarantors (including the Euskaltel Guarantors) incorporated in Spain (other than Lorca Telecom Bondco and Kaixo Bondco) will not cover those obligations or liabilities which, if guaranteed, will constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act. Accordingly, the Notes Guarantees of the Subsidiary Guarantors (other than Lorca Telecom Bondco and Kaixo Bondco) incorporated in Spain will not include or extend to (i) in respect of the Subsidiary Guarantors incorporated in Spain (other than the Issuers), the value of proceeds from the Existing Senior Secured Long-Term Notes used in 2020 to refinance such part of the Original Bridge Facility that was used for the acquisition of the Masmovil Group; (ii) in respect of the Euskaltel Guarantors, in addition to the limitation set out in

(i) above, the value of proceeds from the New Senior Secured Long-Term Notes and the Senior Long-Term Notes offered hereby used to refinance such part of the €1,750.0 million Senior Secured Bridge Facility and the €443.6 million Senior Bridge Facility used for the acquisition of the Euskaltel Group; (iii) in respect of Lyca, in addition to the limitation set out in (i) above, the value of proceeds from the Existing Senior Secured Long-Term Notes that were used to refinance, indirectly through the refinancing of the Original Bridge Facility, the portion of the proceeds from the Lyca Bridge Facility that was used for the acquisition of Lyca; and (iv) in respect of R Cable y Telecable, in addition to the limitation set out in (ii) above, the value of proceeds from the New Senior Secured Long-Term Notes and the Senior Long-Term Notes offered hereby used to refinance such portion of the Euskaltel Group Facilities which was previously utilized by the Euskaltel for the acquisition of R Cable y Telecable, in each case, including the respective proportional stakes of any additional costs and expenses associated with such amounts. In case any competent court determines that due to a broad interpretation of the financial assistance prohibition of Article 143.2 of the Spanish Companies Act, the Guarantee provided by Lyca covering the portion of the proceeds from the New Senior Secured Long-Term Notes and the Senior Long-Term Notes offered hereby used to refinance such part of the Senior Secured Bridge Facility and the Senior Bridge Facility used for the acquisition of the Euskaltel Group, would be deemed to constitute prohibited financial assistance, the Guarantee provided by Lyca should then be construed as not covering such amounts. The Senior Secured Long-Term Notes Indenture limits, and the Senior Long-Term Notes Indenture will limit, all Notes Guarantees of the Subsidiary Guarantors incorporated in Spain (other than Lorca Telecom Bondco and Kaixo Bondco) in accordance with the foregoing paragraph.

Collateral

Collateral in respect of the Senior Secured Long-Term Notes

Subject to the Intercreditor Agreement, the Agreed Security Principles, any limitations set out in the Security Documents, the applicable perfection requirements and any Permitted Collateral Liens, the Existing Senior Secured Long-Term Notes are, and on their Issue Date (i.e. October 13, 2021), the New Senior Secured Long-Term Notes and the Notes Guarantees in respect of the New Senior Secured Long-Term Notes will be, secured on an equal and rateable first-priority basis by:

- an English law debenture and supplemental debenture granted by each of Lorca Finco and Lorca Holdco relating to their respective material assets (including any material structural intercompany receivables); and
- an English law share charge and supplemental share charge over the shares of Finco,

(such items collectively, the "**English Law Collateral**").

Subject to the Intercreditor Agreement, the Agreed Security Principles, any limitations set out in the Security Documents, the applicable perfection requirements and any Permitted Collateral Liens, the Existing Senior Secured Long-Term Notes are, and as soon as reasonably practicable after the Issue Date and in any event within 120 days from the aforesaid Issue Date, the New Senior Secured Long-Term Notes and the Notes Guarantees in respect of the New Senior Secured Long-Term Notes will be, secured on a first-priority basis by:

- a Spanish law share pledge over the shares in Lorca Bidco, Lorca Telecom Bondco, Masmovil (*i..e* the issuer of the Commercial Paper Notes(, Lyca, Masmovil Broadband, S.A.U. and Xfera Móviles, S.A.U;
- a Spanish law bank account pledge over the material operating bank accounts of each of Lorca Bidco, Lorca Telecom Bondco r and Xfera Móviles, S.A.U.; and
- a Spanish law pledge over (i) the credit rights or the payables owed to the Senior Secured Long-Term Notes Issuer by Lorca Finco pursuant to the agreement by which the proceeds of the Senior Secured Long-Term Notes are loaned to Lorca Finco and (ii) certain credit rights or payables owed to Masmovil by Xfera Móviles, S.A.U.,

(such items collectively, the "**Spanish Law Collateral**").

In addition, as soon as reasonably practicable after the aforesaid Issue Date and in any event within 120 days from the Issue Date, subject to the Intercreditor Agreement, the Agreed Security Principles, any limitations set out in the Security Documents, the applicable perfection requirements and any Permitted Collateral Liens, the Senior Secured Long-Term Notes and the Notes Guarantees in respect of the Senior Secured Long-Term Notes will be secured on a first-priority basis by (in each case, to the extent not already provided as part of the English Law Collateral and Spanish Law Collateral):

- in the case of each Guarantor (including the Euskaltel Guarantors) incorporated in Spain: (1) security over any shares held by it in another Guarantor (including, a Spanish law share pledge over the shares in Kaixo Bondco); (2) any material operating bank accounts held by such Guarantor (including, a Spanish law bank account pledge over the material operating bank accounts of Kaixo Bondco); and (3) security over any material structural intercompany loans made by it to another Guarantor (including, a Spanish law pledge over the credit rights or the payables owed to Kaixo Bondco by Lorca Finco pursuant to the agreement by which the proceeds of the Senior Long-Term Notes are loaned to Lorca Finco);
- in the case of each Guarantor incorporated in England and Wales (if any), security over its material assets; and
- in the case of each other Guarantor, security over any shares held by it in a Guarantor,

(the "**Additional Post-Closing Collateral**" and, together with the English Law Collateral and Spanish Law Collateral, the "**Collateral**").

The Collateral will also secure the senior secured guarantee given by Lorca Telecom Bondco and Kaixo Bondco in favour of Lorca Finco's obligations under and the Guarantors' obligations under the Senior Long-Term Facilities Agreement and the Asset Bridge Facility, certain hedging obligations and certain other future indebtedness permitted to be incurred and secured.

Shared Collateral in respect of the Senior Long-Term Notes

As soon as reasonably practicable after the Issue Date and in any event within 120 days from October 13, 2021, subject to the Intercreditor Agreement, the Agreed Security Principles, any limitations set out in the Senior Long-Term Notes Indenture and in the Security Documents, the applicable perfection requirements and Permitted Collateral Liens, the Senior Long-Term Notes and the Notes Guarantees in respect of the Senior Long-Term Notes will be secured on a junior priority basis by (i) a Spanish law share pledge over the shares in Lorca Bidco and in Kaixo Bondco, (ii) a Spanish law bank account pledge over the material operating bank accounts of Kaixo Bondco, and (iii) a Spanish law pledge over the credit rights or the payables owed to Kaixo Bondco by Lorca Finco pursuant to the agreement by which the proceeds of the Senior Long-Term Notes are loaned to Lorca Finco (together, the "**Shared Collateral**").

All Shared Collateral shall be subject to the operation of the Agreed Security Principles, the applicable perfection requirements and any Permitted Collateral Liens. The Shared Collateral will also secure the liabilities under the Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement, the Asset Bridge Facility Agreement, any Operating Facilities (as defined and designated pursuant to the Intercreditor Agreement), and certain hedging agreements.

Pursuant to the distribution waterfall provisions of the Intercreditor Agreement, upon an enforcement of the Shared Collateral, the proceeds thereof will be distributed to the holders of the Senior Secured Long-Term Notes, the creditors under the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement and other senior secured creditors ahead of the holders of the Senior Long-Term Notes.

Moreover, the Senior Long-Term Notes Indenture will allow us to incur additional secured debt that pursuant to the Intercreditor Agreement may rank senior to the Senior Long-Term Notes but junior to our obligations under the Senior Secured Long-Term Notes, the Senior Long-Term Facilities Agreement and the Asset Bridge Facility Agreement.

Limitations in respect of the Collateral

The security over the Collateral, including the Shared Collateral, will be limited as necessary to recognize certain limitations arising under or imposed by local law and defences generally available to providers of collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.

In particular, security over the Collateral, including the Shared Collateral, granted by the Subsidiary Guarantors (including the Euskaltel Guarantors) incorporated in Spain (other than the Issuers) do not, and will not, cover those obligations or liabilities which, if granted, will constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act. Accordingly, security over the Collateral, including the Shared Collateral, granted by the Subsidiary Guarantors (other than the Issuers) incorporated in Spain do not, and will not, include or extend to:

(i) in respect of the Subsidiary Guarantors incorporated in Spain (other than the Issuers), the value of proceeds from the Existing Senior Secured Long-Term Notes used in 2020 to refinance such part of the Original Bridge Facility that was used for the acquisition of the Masmovil Group;

(ii) in respect of the Euskaltel Guarantors, in addition to the limitation set out in (i) above, the value of proceeds from the New Senior Secured Long-Term Notes and the Senior Long-Term Notes offered hereby used to refinance such part of the €1,750 million Senior Secured Bridge Facility and the €443.6 million Senior Bridge Facility used for the acquisition of the Euskaltel Group;

(iii) in respect of Lyca, in addition to the limitation set out in (i) above, the value of proceeds from the Existing Senior Secured Long-Term Notes that were used to refinance, indirectly through the refinancing of the Original Bridge Facility, the Lyca Bridge Facility that was used for the acquisition of Lyca; and

(iv) in respect of R Cable y Telecable, in addition to the limitation set out in (ii) above, the value of proceeds from the New Senior Secured Long-Term Notes and the Senior Long-Term Notes offered hereby used to refinance such portion of the Euskaltel Group Facilities which was previously utilized by the Euskaltel for the acquisition of R Cable y Telecable, in each case, including the respective proportional stakes of any additional costs and expenses associated with such amounts.

The relevant Security Documents entered into by the Subsidiary Guarantors incorporated in Spain limit, and will limit, the security over the Collateral, including the Shared Collateral, in accordance with the foregoing paragraph. In addition, the security interests in the Collateral may be released under certain circumstances. Subject to the Senior Secured Long-Term Notes Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness.

Intercreditor Agreement

The New Notes, the related Notes Guarantees, the Collateral and the Shared Collateral will be subject to the terms of the Intercreditor Agreement.

Use of Proceeds

The proceeds from the offering of the New Senior Secured Long-Term Notes will be used by Lorca Telecom Bondco as Senior Secured Long-Term Notes Issuer to provide the Senior Secured Proceeds Loan Notes, and the proceeds from the offering of the Senior Long-Term Notes will be used by Kaixo Bondco Senior Long-Term Notes Issuer to provide the Senior Proceeds Loan Notes, and Lorca Finco will use the aggregate proceeds from the Senior Secured Proceeds Loan Notes, the Senior Proceeds Loan Notes and the Incremental Facility B2 to (a) provide for the repayment of all amounts under the 2021 Bridge Facilities and (b) pay certain costs, fees and expenses incurred in connection with the Erik Transactions.

Change of Control

Upon the occurrence of certain events defined as constituting a change of control triggering event in the Senior Secured Long-Term Notes Indenture and in the Senior Long-Term Notes Indenture, the Senior Secured Long-Term Notes Issuer and the Senior Long-Term Notes Issuer, as the case may be, may be required to offer to repurchase all outstanding the New Senior Secured Long-Term Notes and the Senior Secured Long-Term Notes, respectively, at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. A change of control triggering event, however, will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event.

Optional Redemption

New Senior Secured Long-Term Notes

On or after September 30, 2023, the Senior Secured Long-Term Notes Issuer will be entitled at its option to redeem all or a portion of the New Senior Secured Long-Term Notes at the applicable redemption prices plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to September 30, 2023, the Senior Secured Long-Term Notes Issuer will be entitled at its option to redeem all or a portion of the New Senior Secured Long-Term Notes at a redemption price equal to 100% of the principal amount of the New Senior Secured Long-Term Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to September 30, 2023, the Senior Secured Long-Term Notes Issuer may redeem up to 10% of the aggregate principal amount of the Senior Secured Long-Term Notes originally issued (including the aggregate principal amount of any additional Senior Secured Long-Term Notes issued, including the New Senior Secured Long-Term Notes) in each twelve-month period commencing on the Original Issue Date at a redemption price equal to 103% of the principal amount of the Senior Secured Long-Term Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any.

Prior to September 30, 2023, the Senior Secured Long-Term Notes Issuer may redeem, at its option on one or more occasions, up to 40% of the aggregate principal amount of the Senior Secured Long-Term Notes (including the aggregate principal amount of any additional Senior Secured Long-Term Notes issued, including the New Senior Secured Long-Term Notes) at a redemption price equal to 104.000% of the principal amount of Senior Secured Long-Term Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, with the net cash proceeds from certain equity offerings so long as at least 50% of the original principal amount of the Senior Secured Long-Term Notes (including any additional Senior Secured Long-Term Notes, including the New Senior Secured Long-Term Notes), issued under the Senior Secured Long-Term Notes Indenture remain outstanding.

Senior Long-Term Notes

On or after September 30, 2024, the Senior Long-Term Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Long-Term Notes at the applicable redemption prices plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to September 30, 2024, the Senior Long-Term Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Long-Term Notes at a redemption price equal to 100% of the principal amount of the Senior Long-Term Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the redemption date.

Prior to September 30, 2024, the Senior Long-Term Notes Issuer may redeem up to 10% of the aggregate principal amount of the Senior Long-Term Notes originally issued (including the aggregate principal amount of any additional Senior Long-Term Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the Senior Long-Term Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any.

Prior to September 30, 2024, the Senior Long-Term Notes Issuer may redeem, at its option on one or more occasions, up to 40% of the aggregate principal amount of the Senior Long-Term Notes (including the aggregate principal amount of any additional Senior Long-Term Notes issued) at a redemption price equal to 105.125% of the principal amount of Senior Long-Term Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, with the net cash proceeds from certain equity offerings so long as at least 50% of the original principal amount of the Senior Long-Term Notes (excluding any additional Senior Long-Term Notes), issued under the Senior Long-Term Notes Indenture remain outstanding.

Redemption for Taxation Reasons

In the event of certain developments affecting taxation, the Senior Secured Long-Term Notes Issuer and the Senior Secured Long-Term Notes Issuer, as the case may be, may redeem the New Senior Secured Long-Term Notes and the Senior Long-Term Notes, respectively, in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption.

Additional Amounts

Any payments made by or on behalf of either Issuer or any Guarantor with respect to the New Notes or with respect to any Guarantee will be made without withholding or deduction for taxes unless required by law. If either Issuer or any Guarantor is required by law to withhold or deduct for such taxes in any relevant taxing jurisdiction with respect to a payment to the holders of New Notes, such Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of New Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions.

Certain Covenants

The Senior Secured Long-Term Notes Indenture limits and the Senior Long-Term Notes Indenture will limit, among others, the ability of Lorca Holdco and its subsidiaries (including Masmovil Ibercom, inter alios) to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, redeem or repurchase its capital stock;
- make certain restricted payments;
- make certain investments;
- create or permit to exist certain liens;
- impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to Lorca Holdco;
- merge or consolidate with other entities, or make certain asset sales;
- enter into certain transactions with affiliates;
- impair the security interests for the benefit of the holders of the Senior Secured Long-Term Notes or the Senior Long-Term Notes, as applicable; and
- guarantee certain indebtedness.

Each of these covenants will be subject to significant exceptions and qualifications.

Certain of the covenants and events of default will be suspended if and for as long as, and the security interests in respect of the Collateral securing the Senior Secured Long-Term Notes and in respect of the Shared Collateral securing the Senior Long-Term Notes will be released if we achieve investment grade ratings.

Transfer Restrictions

The New Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The New Notes are subject to restrictions on transfer and may only be offered or sold in the United States in compliance with Rule 144A and outside the United States to non-U.S. Persons in reliance on Regulation S or in transactions that are exempt from or are not subject to the registration requirements of the U.S. Securities Act.

2.10.3. Senior Long-Term Facilities Agreement

Overview

On July 3, 2020, Lorca Holdco entered into a €2.70 billion senior secured term and revolving facilities agreement between, among others, Banco Santander, S.A., Barclays Bank PLC, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank, Sucursal en España, Deutsche Bank AG, London Branch, Mizuho Bank, Ltd. and Morgan Stanley Bank International Limited as mandated lead arrangers and Lucid Agency Services Limited as agent (the "**Agent**") and Lucid Trustee Services Limited as security agent (the "**Security Agent**") (as amended, restated, supplemented or otherwise modified from time to time, the "**Senior Long-Term Facilities Agreement**").

The Senior Long-Term Facilities Agreement provided a term loan facility of up to €2.20 billion (the "**Facility B1**") to Lorca Bidco and Lorca Finco as borrowers (the "**Borrowers**") and a revolving facility of up to €500 million (the "**RCF1**", and together with Facility B1, the "**Existing Facilities**") to the Borrowers. Facility B1 was fully drawn on September 18, 2020 to part fund the acquisition of Masmovil.

On 26 March 2021, the Existing Facilities were amended and restated to establish a term loan facility of up to €800 million ("**Facility B2**") and a revolving facility of up to €250 million ("**RCF2**", and together with RCF1, the "**RCF**") to the Borrowers. Facility B2 was fully drawn on August 6, 2021 to part fund the acquisition of Euskaltel S.A (the "**Euskaltel**").

Promptly following the Issue Date, Facility B2 will be increased by €200 million (the "**Incremental Facility B2**," and together with Facility B2 and Facility B1, the "**TLB**", and together with the RCF, the "**Credit Facilities**"). The Availability Period of the Incremental Facility B2 will be 20 business days after the effectiveness of the amendments to implement the Incremental Facility B2.

Purpose

Borrowings funded under Facility B1 have been applied towards:

(a) amounts payable in connection with the acquisition of the shares in Masmovil Ibercom, S.A.U.;

(b) refinancing certain existing indebtedness of the Group;

(c) provision of cash cover in respect of CNMV Guarantees and other amounts payable in connection therewith (including provision of cash deposits for the purposes of replacing any CNMV Guarantees) (in each case, as applicable);

(d) transaction costs in connection with the acquisition of the shares in Masmovil Ibercom, S.A.U.; and

(e) general corporate purposes and/or working capital requirements of the Group.

Borrowings funded under Facility B2 have been applied towards:

(a) amounts payable in connection with the Euskaltel Acquisition;

(b) refinancing certain existing indebtedness of the Euskaltel and its subsidiaries;

(c) provision of cash cover in respect of CNMV Guarantees and other amounts payable in connection therewith (including provision of cash deposits for the purposes of replacing any CNMV Guarantees) (in each case, as applicable);

(d) certain transaction costs in connection with the Euskaltel Acquisition; and

(e) general corporate purposes and/or working capital requirements of the Group.

Borrowings under the Incremental Facility B2 will be applied to part-fund the repayment of amounts outstanding under the Senior Secured Bridge Facility Agreement.

Borrowings under the RCF may be applied towards general corporate and working capital purposes of the Group (including, for the avoidance of doubt, capital expenditure and acquisitions). The RCF may be drawn in cash or letter of credit and can be made available by lenders thereunder way of bilateral ancillary facility and fronted ancillary facilities. The RCF is currently available until March 18, 2027.

Repayments and prepayments

Repayment of the TLB is due on September 18, 2027.

Repayment of loans drawn under the RCF and related interest payments will be due and payable at the end of the interest period for each loan. The applicable interest period is selected in the relevant utilization request or selection notice and will either be one week or one, three or six months subject to certain exceptions.

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Senior Long-Term Facilities Agreement, such lender under the Senior Long-Term Facilities Agreement will have the right to cancel its commitments. Each Borrower shall repay the relevant lender's participation in any loans made to that Borrower on the date specified by the relevant lender in the notice delivered to the Obligors' Agent (being no earlier than the last Business Day of any applicable grace period permitted by law).

On a change of control or sale of all or substantially all of the assets of the Group, a lender may, by notice to the Obligors' Agent and on the first Business Day falling at least 60 days after such notice, cancel all of its commitments and declare all outstanding amounts owed to it due and payable provided that such request is made within 30 days of the date of the Agent's receipt of the notification from the Obligors' Agent that such change of control or sale has occurred.

In addition, the Senior Long-Term Facilities Agreement requires that, in respect of each financial year of Lorca Holdco, a mandatory prepayment of loans under the TLB is made in an amount equal to a percentage of excess cash flow (net of a minimum threshold amount and the amount of any voluntary prepayments made during such financial year and amounts reinvested in the business of the Group within certain time limits and certain other permitted uses of such amounts) which percentage decreases as the Group's Senior Secured Leverage Ratio (as defined below) decreases.

Guarantees

The Senior Long-Term Facilities Agreement is guaranteed by Lorca Holdco, Lorca Telecom Bondco and certain Initial Guarantors, namely Lorca Finco, Lorca Bidco, Masmovil (i.e. the Issuer under the Commercial Paper Notes), Lycamobile, S.L.U., Masmovil Broadband, S.A.U., Xfera Móviles, S.A.U. The Senior Long-Term Facilities Agreement requires that (subject to agreed security principles as set out in the Senior Long-Term Facilities Agreement (the "**Agreed Security Principles**") each member of the Group which:

(a) is incorporated in England and Spain (each a "**Security Jurisdiction**," and together, the "**Security Jurisdictions**"); and

(b) is a "Material Subsidiary" (which is generally defined under the Senior Long-Term Facilities Agreement to include, among others, any wholly owned Restricted Subsidiary of Lorca Holdco incorporated in a Security Jurisdiction that has earnings before interest, tax, depreciation and amortization representing 5% or more of consolidated EBITDA of the Group), will be required to become a guarantor under the Senior Long-Term Facilities Agreement within 60 days of the delivery of the Group's annual audited consolidated financial statements for the relevant year showing that such subsidiary is a Material Subsidiary such that the guarantors represent at least

80% of the consolidated EBITDA of the Group (excluding the EBITDA of any member of the Group not required to become a Guarantor in accordance with the Agreed Security Principles).

No member of the Group incorporated in Asia, South America, Africa or Russia shall be required to provide any guarantee or security interests.

Security

Subject to the Agreed Security Principles, the Guarantors have granted or will grant security interests on a first priority basis (to the extent legally possible) in favour of the Security Agent over certain assets as described below:

(a) in the case of each borrower and/or guarantor incorporated in Spain:

(i) security over any shares held by it in another borrower and/or guarantor;

(ii) any material operating bank accounts held by it; and

(iii) any material structural intercompany loans made by it to another borrower and/or guarantor;

(b) in the case of each borrower and/or guarantor incorporated in England and Wales, security over its material assets; and

(c) in the case of each other borrower and/or guarantor, security over any shares held by it in a borrower and/or guarantor.

Representations and warranties

The Senior Long-Term Facilities Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, power and authority, binding obligations, non-conflict with constitutional documents, applicable laws and certain other obligations, consents and filings, litigation, labour disputes, no default, accounts, environmental warranties, intellectual properly, assets, applicable laws, taxation, information, *pari passu* ranking, security interests, guarantees and indebtedness, pension schemes, group structure chart and insolvency.

Affirmative covenants

The Senior Long-Term Facilities Agreement requires certain members of the Group to observe certain affirmative covenants, including:

(a) maintenance of relevant authorizations and consents;

(b) compliance with laws;

(c) payment of taxes;

(d) maintenance of *pari passu* ranking of the TLB;

(e) compliance with obligations relating to pensions;

(f) provision of financial and other information and (in certain circumstances) granting access to books and records to the facility agent and the security agent;

(g) maintenance of intellectual property;

(h) maintenance of insurance;

(i) maintenance of guarantor and security coverage and further assurances; and

(j) compliance with laws regulating public takeovers in Spain and not amending the offer document in a materially prejudicial manner.

The Senior Long-Term Facilities Agreement also contains an "information covenant" under which, among others and in the first instance, Lorca Holdco is required to deliver to the Agent annual financial statements, quarterly financial statements and compliance certificates.

Negative covenants

The Senior Long-Term Facilities Agreement contains certain customary operating and financial covenants (see "*—Financial covenant*" below), subject to certain exceptions and qualifications, including covenants restricting the ability of certain members of the Group to do the following:

(a) merge with other companies;

(b) incur additional indebtedness;

(c) enter into transactions other than on arm's length basis;

(d) make restricted payments;

(e) create security over its assets;

(f) sell its assets and stock (and any related re-investment rights or prepayment requirements in relation to such sales);

(g) engage in business which is not a similar line of business; and

(h) repay or redeem any Permitted Senior Parent Debt or Permitted Second Lien Financing Debt (such terms as defined in the Intercreditor Agreement)

Financial covenant

With respect to the RCF only, the Senior Long-Term Facilities Agreement requires that the sum of certain outstanding senior secured net indebtedness of the Group to the consolidated EBITDA of the Group in respect of each relevant period (the "**Senior Secured Leverage Ratio**") shall not be greater than 8.00:1.00, provided that:

(a) this financial covenant is only to be tested if on the last day of the applicable relevant period, the amount drawn by way of loan under the RCF (including any additional revolving facilities under the Senior Long-Term Facilities Agreement) (less cash and cash equivalents and any proceeds of any RCF loan used to fund any original issue discount) is equal to or greater than 40% of the aggregate of the commitments under the RCF (including any additional revolving facilities under the Senior Long-Term Facilities Agreement) at that time; and

(b) with respect to the TLB, failure to satisfy the financial covenant ratio shall not (or be deemed to) constitute or result in a breach of any representation, warranty, undertaking or an event of default.

Lorca Holdco is permitted to prevent or cure breaches of the net leverage covenant by applying a "cure" amount (generally, amounts received by Lorca Holdco in cash pursuant to any new equity or permitted subordinated debt) as if consolidated EBITDA had been increased by such amount. There is no requirement to apply any cure amount in prepayment of the TLB. No more than two different cure amounts may be taken into account in any financial year and no more than five different cure amounts may be taken into account prior to the original termination date of the TLB.

Events of default

The Senior Long-Term Facilities Agreement contains certain events of default, the occurrence of which would allow the requisite majority of lenders (under and as defined in the Senior Long-Term Facilities Agreement) to, amongst other actions, accelerate all outstanding loans and terminate their commitments, including, among other events (subject in certain cases to agreed grace periods, financial thresholds and other qualifications):

(a) failure to pay off any amounts when due under the finance documents entered into in connection with the Credit Facilities;

(b) (with respect to the RCF only) breach of the financial covenant or (with respect to all Credit Facilities) failure to comply with other obligations under the Credit Facilities finance documents;

(c) inaccuracy of a representation or statement when made (subject to materiality qualifications);

(d) cross defaults, including any event of default under the Notes;

(e) (subject to certain thresholds) insolvency, insolvency proceedings and commencement of certain creditors' processes, such as expropriation, attachment, sequestration, distress or execution;

(f) unlawfulness, invalidity rescission and repudiation, or unenforceability of the finance documents entered into in connection with the Credit Facilities; and

(g) breach of material obligations under the Intercreditor Agreement by any holding company of Lorca Holdco.

2.10.4. Asset Bridge Facility Agreement

Overview

On March 26, 2021, Lorca Holdco entered into an asset bridge facility agreement between, among others, Barclays Bank PLC, BNP Paribas S.A., Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE and Banco Santander, S.A. as mandated lead arrangers, the Agent and the Security Agent (as amended and restated, amended, restated, supplemented or otherwise modified from time to time, the "**Asset Bridge Facility Agreement**").

The Asset Bridge Facility Agreement provided a term loan facility of up to €500 million (the "**Bridge**") to Kaixo Telecom, S.A. and Lorca Finco as borrowers (the "**Borrowers**").

Purpose

Borrowings funded under the Bridge have and may be applied towards the same uses as Facility B2, including in connection with the financing of the Euskaltel Acquisition and refinancing of certain existing indebtedness of the Euskaltel and its subsidiaries, and was drawn in full on August 6, 2021. See also "—*Senior Long-Term Facilities Agreement—Purpose*" above.

Repayments and prepayments

The maturity date under the Asset Bridge Facility Agreement is August 6, 2026.

If it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Asset Bridge Facility Agreement, such lender under the Asset Bridge Facility Agreement will have the right to cancel its commitments. Each Borrower shall repay the relevant lender's participation in any loans made to that Borrower on the date specified by the relevant lender in the notice delivered to the Obligors' Agent (being no earlier than the last Business Day of any applicable grace period permitted by law).

On a change of control or sale of all or substantially all of the assets of the Group, a lender may, by notice to the Obligors' Agent and on the first Business Day falling at least 60 days after such notice, cancel all of its commitments and declare all outstanding amounts owed to it due and payable provided that such request is made within 30 days of the date of the Agent's receipt of the notification from the Obligors' Agent that such change of control or sale has occurred.

Guarantees

The Asset Bridge Facility Agreement is guaranteed by Lorca Holdco and the same Guarantors as the Senior Long-Term Facilities Agreement. See "—*Senior Long-Term Facilities Agreement—Guarantees*" above. Each guarantor under the Senior Long-Term Facilities Agreement will be required to become a guarantor under the Asset Bridge Facility Agreement. The Asset Bridge Facility Agreement requires that, by 120 days of August 6, 2021 (which was the First Utilization Date), each member of the Group that is a guarantor under the Senior Long-Term Facilities Agreement as of the date of the Asset Bridge Facility Agreement will accede to the Asset Bridge Facility Agreement as an additional guarantor and enter into necessary local law confirmation or extensions of the existing transaction security to the extent necessary to secure the Bridge.

Security

The Asset Bridge Facility Agreement is secured by the same security interests granted as security for the

Senior Long-Term Facilities Agreement. See "*—Senior Long-Term Facilities Agreement—Security*" above.

Representations and warranties

The Asset Bridge Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, power and authority, binding obligations, non-conflict with constitutional documents and no default.

Affirmative covenants

The Asset Bridge Facility Agreement requires certain members of the Group to observe certain affirmative covenants, which are substantially consistent with those contained in the Senior Long-Term Facilities Agreement, including maintenance of guarantor and security coverage and further assurances and compliance with laws regulating public takeovers in Spain and not amending the offer document in a materially prejudicial manner.

The Asset Bridge Facility Agreement also contains similar "information covenants" as the Senior Long-Term Facilities Agreement, under which, among others and in the first instance, Lorca Holdco is required to deliver to the Senior Facility Agent annual financial statements, quarterly financial statements and compliance certificates. Note, however, that the delivery of accounts/financial statements as set out under the caption "*Description of the Senior Secured Long-Term Notes—Certain Covenants—Reports*" of this Information Memorandum will satisfy the information covenant.

Negative covenants

The Asset Bridge Facility Agreement contains certain customary covenants, subject to certain exceptions and qualifications, which are substantially consistent with those contained in the Senior Long-Term Facilities Agreement, including covenants restricting the ability of certain members of the Group to do the following:

(a) merge with other companies;

(b) incur additional indebtedness;

(c) enter into transactions other than on arm's length basis;

(d) make restricted payments;

(e) create security over its assets;

(f) sell its assets and stock (and any related re-investment rights or prepayment requirements in relation to such sales);

(g) engage in business which is not a similar line of business; and

(h) repay or redeem any Permitted Senior Parent Debt or Permitted Second Lien Financing Debt (such terms as defined in the Intercreditor Agreement).

Events of default

The Asset Bridge Facility Agreement contains certain events of default which are substantially consistent with those contained in the Senior Long-Term Facilities Agreement, the occurrence of which would allow the requisite majority of lenders (under and as defined in the Senior Long-Term Facilities Agreement) to, amongst other actions, accelerate all outstanding loans and terminate their commitments, including, among other events (subject in certain cases to agreed grace periods, financial thresholds and other qualifications):

(a) failure to pay off any amounts when due under the finance documents entered into in connection with the Asset Bridge Facility Agreement;

(b) failure to comply with other obligations under the Bridge finance documents;

(c) inaccuracy of a representation or statement when made (subject to materiality qualifications);

(d) cross defaults, including any event of default under the Notes;

(e) (subject to certain thresholds) insolvency, insolvency proceedings and commencement of certain creditors' processes, such as expropriation, attachment, sequestration, distress or execution;

(f) unlawfulness, invalidity rescission and repudiation, or unenforceability of the finance documents entered into in connection with the Bridge; and

(g) breach of material obligations under the Intercreditor Agreement by any holding company of Lorca Holdco.

2.10.5. Euskaltel Commercial Paper Notes

On March 24, 2021, the Euskaltel Group registered a short-term, unsecured and unguaranteed commercial paper notes program with the Euronext Dublin, a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended (the "**Euskaltel Commercial Paper Notes Programme**"). The Euskaltel Commercial Paper Notes Programme provides for the issuance of up to €200.0 million aggregate principal amount of notes with a tenor between one and 364 days.

Under the Euskaltel Commercial Paper Notes Programme, the Euskaltel Group can issue multiple series of notes during a period of one year from the date of the publication of the Euskaltel Commercial Paper Notes Programme. The notes issued under the Euskaltel Commercial Paper Notes Programme bear a floating or fixed interest rate agreed at each issuance between the Euskaltel Group, the banks that are parties to the Euskaltel Commercial Paper Notes Programme and the investors in the notes issued thereunder, and may be denominated in U.S. dollar, euro or sterling. The notes issued under the Euskaltel Commercial Paper Notes Programme are governed by Spanish law and payable in full upon maturity. As of June 30, 2021, the Euskaltel Group had €150.0 million of short-term, unsecured and unguaranteed outstanding notes under the Euskaltel Commercial Paper Notes Programme with an interest rate below 1%, and intends to renew the Euskaltel Commercial Paper Notes Programme upon its expiration in March 2022.

2.11. Summary of Financial Information

The summary financial information presented below should be read in conjunction with the information contained in the Historical Consolidated Financial Information and accompanying notes thereto appearing elsewhere in this Information Memorandum.

2.11.1. Capitalization

The following table sets forth Lorca JVco's unaudited consolidated cash and cash equivalents and capitalization as of June 30, 2021:

(i) on an actual basis, as derived from the balance sheet information in the unaudited condensed consolidated interim financial statements of Lorca JVco as of and for the six months ended June 30, 2021;

(ii) as adjusted to give effect to the Euskaltel Acquisition, the drawdown of Facility B2, the Bridge Facilities, the Asset Bridge Facility and the use of proceeds therefrom, including the repayment of certain existing indebtedness of the Euskaltel Group and the funding of the Euskaltel Acquisition consideration, in each case, as if they had occurred on June 30, 2021;

(iii) as further adjusted to give effect to the issuance of the New Long-Term Notes, the drawdown of Incremental Facility B2 and the use of proceeds therefrom, as if they had occurred on June 30, 2021; and

(iv) as further adjusted to give effect to the Netco Asset Disposal and the use of proceeds therefrom, as if it had occurred on June 30, 2021.

The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the Erik Transactions and the Netco Asset Disposal, and our actual capitalization may vary materially from this illustration depending on several factors, including our ability to complete the Netco Asset Disposal, the actual proceeds we would receive therefrom and the overall timing thereof.

	Actual (as of June 30, 2021)	**As adjusted for the Euskaltel Acquisition and the Financing thereof**	**As further adjusted for the New Long-Term Notes and the Incremental Facility B2**
	(€ in millions)		
Cash and cash equivalents [1]	92.5	181.7	204.1
Senior Long-Term Facilities[2]	2,200.0	3,000.0	3,200.0
of which RCF1[3]	—	—	—
of which Facility B1[4]	*2,200.0*	*2,200.0*	*2,200.0*
of which RCF2[3]	—	—	—
of which Facility B2 [4][5]	—	*800.0*	*800.0*
of which Incremental Facility B2[5]	—	—	*200.0*
Bridge Facilities[5][6]	—	2,193.6	—
of which Senior Secured Bridge Facility[5][6]	—	*1,750.0*	—
of which Senior Bridge Facility [5][6]	—	*443.6*	—
Senior Long-Term Notes	800.0	800.0	2,850.0
of which Original Senior Secured Long-Term Notes[7]	*800.0*	*800.0*	*800.0*
of which New Senior Secured Long-Term Notes [8]	—	—	*1,550.0*
of which Senior Long-Term Notes [9]	—	—	*500.0*
Asset Bridge Facility[5][10]	—	500.0	500.0
Shareholder Loans[11]	204.6	204.6	204.6
Masmovil Commercial Paper Notes[12]	198.3	198.3	198.3
Euskaltel Commercial Paper Notes[13]	—	150.0	150.0
IFRS 16 Lease liabilities[14]	195.8	256.6	256.6
Other loans and financial liabilities[15]	68.0	68.0	68.0
Other loans and financial liabilities of the Euskaltel[16]	—	21.8	21.8
Total debt[17]	**3,666.7**	**7,392.9**	**7,449.3**
Total equity	1,973.0	1,973.0	1,973.0
Capitalization	**5,639.7**	**9,365.9**	**9,422.3**

(1) The adjusted amounts reflect the combined cash and cash equivalents of the Group (€92.5 million) and the Euskaltel Group (€88.3 million) as of June 30, 2021, plus (i) €0.9 million, which was retained as cash on balance sheet from the proceeds of Facility B2, the Bridge Facilities and the Asset Bridge Facility, as further described in section 2.9. (*The Erik Transactions and Recent Developments*) above, and (ii) €22.4 million, which we expect to retain as cash on balance sheet from the proceeds of the offering of the New Long-Term Notes, assuming an issuance at par and excluding the amount of accrued interest on the New Senior Secured Long-Term Notes from September 15, 2021 to, but excluding, their issue date, the adjusted amount of the cash and cash equivalents excludes €19.0 million of proceeds (of the total proceeds of €33.0 million) already received by the Group in relation to the sale of the Euskaltel's pay TV business to Agile TV.

(2) In connection with the funding of the Masmovil Acquisition, on July 3, 2020, Lorca Holdco entered into the Senior Long-Term Facilities Agreement (as amended and restated on July 13, 2020 and August 26, 2020), which provided for a €2,200.0 million Facility B1 and a €500.0 million RCF1. On March 26, 2021, the Senior Long-Term Facilities Agreement was further amended and restated to provide for the €800.0 million Facility B2 and the €250.0 million RCF2. In addition, the Senior Long-Term Facilities Agreement has been further amended to provide for the Incremental Facility B2, and Lorca Finco drew €200.0 million under the Incremental Facility B2. See "*Description of Certain Financing Arrangements—Senior Long-Term Facilities Agreement*."

(3) Borrowings under the RCF1 and RCF2 may be used for general corporate purposes and working capital requirements of the Group (including, for the avoidance of doubt, capital expenditure and acquisitions). The RCF1 And RCF2 are available until August 18, 2027 and were undrawn as of the date of this Information Memorandum. See "*Description of Certain Financing Arrangements—Senior Long-Term Facilities Agreement*."

(4) On September 18, 2020, Lorca Finco drew Facility B1 in full and applied the proceeds therefrom to (i) pay a portion of the Masmovil Acquisition consideration and the transaction costs in connection with the Masmovil Acquisition and related transactions and (ii) refinance certain previously existing indebtedness of the Masmovil Group. On August 6, 2021, Lorca Finco drew Facility B2 in full and applied the proceeds therefrom, together with funds from the Bridge Facilities and the Asset Bridge Facility, to pay for the Euskaltel Acquisition, the Euskaltel Refinancing and certain fees, costs and expenses in connection with the Erik Transactions, as described in note (5) below. Both Facility B1 and Facility B2 mature on September 18, 2027. See "*Description of Certain Financing Arrangements—*

Senior Long-Term Facilities Agreement."

(5) In connection with the funding of the Euskaltel Acquisition, on August 6, 2021, Lorca Finco drew €800 million under Facility B2, €1,750 million under the Senior Secured Bridge Facility and €500 million under the Asset Bridge Facility. In addition, on August 6, 2021, Kaixo Bondco as Senior Long-Term Notes Issuer drew €397.0 million under the Senior Bridge Facility and applied the proceeds therefrom to provide funds to Lorca Finco via the Finco Intercompany Loan. Lorca Finco applied the proceeds from Facility B2 (€800.0 million), the Senior Secured Bridge Facility (€1,750 million), the Asset Bridge Facility (€500.0 million) and a portion of the Finco Intercompany Loan (€397.0 million), to provide funds, (i) on August 6, 2021, to Masmovil for an aggregate amount of €1,578.2 million under the Masmovil Intercompany Loan so as to enable Masmovil to make an equity contribution in the Bidder, and to the Bidder for an aggregate amount of €394.5 million under the Bidder Intercompany Loan, and the aggregate proceeds of which were used to pay the Euskaltel Acquisition consideration for the acquisition of 97.67% of the shares of the Euskaltel pursuant to the Public Tender Offer; and (ii) on August 10, 2021, to the Euskaltel for an aggregate amount of €1,474.3 million under the Euskaltel Intercompany Loan for purposes of the Euskaltel Refinancing, in each case, including certain transaction costs in connection with the Erik Transactions. In addition, on August 27, 2021, Kaixo Bondco as Senior Long-Term Notes Issuer drew a further €46.6 million under the Senior Bridge Facility and applied the proceeds therefrom to provide additional funds to Lorca Finco via the Finco Intercompany Loan (increasing the aggregate amount thereof to €443.6 million). Lorca Finco applied (i) €9.3 million of such additional proceeds from the Finco Intercompany Loan to provide funds to the Bidder under the Bidder Intercompany Loan (increasing the aggregate amount thereof to €403.9 million) and (ii) €37.3 million of such additional proceeds from the Finco Intercompany Loan to provide funds to Masmovil under the Masmovil Intercompany Loan (increasing the aggregate amount thereof to €1,615.5 million), in each case, to fund the compulsory acquisition of the remaining 2.33% shares in the Euskaltel held by minority shareholders pursuant to the Euskaltel Acquisition Squeeze-out and certain transaction costs in connection with the Erik Transactions. See section 2.9. (*The Erik Transactions and Recent Developments*) above. In addition, Finco drew €200.0 million under the Incremental Facility B2, the proceeds of which has been used, together with the proceeds from the New Long-Term Notes, to repay all amounts outstanding under the Bridge Facilities.

(6) In connection with the funding of the Euskaltel Acquisition, on March 26, 2021, Kaixo Bondco as Senior Long-Term Notes Issuer and Lorca Finco (as borrowers), among others, entered into the 2021 Bridge Facilities Agreements, which provide for €2,193.6 million bridge facilities, consisting of €1,750.0 million under the Senior Secured Bridge Facility and €443.6 million under the Senior Bridge Facility. In addition, promptly following the Issue Date, (i) all of the outstanding amounts under the Senior Secured Bridge Facility will be repaid in full by Lorca Finco upon receipt of the proceeds of (a) the Senior Secured Proceeds Loan Notes provided by Lorca Telecom Bondco as Senior Secured Long-Term Notes Issuer with proceeds of the issuance of the New Senior Secured Long-Term Notes and (b) the Incremental Facility B2, (ii) all of the outstanding amounts under the Senior Bridge Facility will be repaid in full by Kaixo Bondco as Senior Long-Term Notes Issuer upon receipt of the proceeds of the Senior Long-Term Notes, through Kaixo Bondco as Senior Long-Term Notes Issuer providing the Senior Proceeds Loan Notes to Lorca Finco and Lorca Finco using the proceeds therefrom to repay the Finco Intercompany Loan, and (iii) the Bridge Facilities have been cancelled.

(7) Represents the aggregate principal amount of the Original Senior Secured Long-Term Notes issued by the Senior Secured Issuer under the Senior Secured Long-Term Notes Indenture, of which €720 million was issued on September 30, 2020 and €80 million was issued on November 10, 2020, excluding any accrued and unpaid interest.

(8) Represents the aggregate principal amount of the New Senior Secured Long-Term Notes offered hereby.

(9) Represents the aggregate principal amount of the Senior Long-Term Notes.

(10) In connection with the funding of the Euskaltel Acquisition, on March 26, 2021, Lorca Finco (as borrower), among others, entered into the Asset Bridge Facility Agreement, which provides for €500.0 million under the Asset Bridge Facility. Pursuant to the completion of the Netco Asset Disposal, we expect to use the estimated proceeds of €500.0 million therefrom to repay in full and cancel the Asset Bridge Facility. While we expect to enter into contractual arrangements relating to the Netco Asset Disposal during the fourth quarter of 2021, as of the date of this Information Memorandum, we have not entered into any such contractual arrangements and there is therefore no certainty that we will be able to consummate the Net Asset Disposal within the time frame or on the terms that we currently expect, or at all. See "*Risk Factors—Risks Relating to Our Indebtedness and Financial Information—We might be unable to enter into contractual arrangements in relation to the Netco Asset Disposal, or complete it within the time frame or on the terms that we currently expect, or at all.*"

(11) Represents (i) the aggregate principal amount of the shareholder loan borrowed by us from Lorca Aggregator Limited, an entity jointly held by our Sponsors and the direct parent of Lorca JVco, in relation to the financing of the Masmovil Acquisition, which pursuant to an agreement dated May 24, 2021, may be repaid on or after September 30, 2022 and (ii) the aggregate principal amount of €21.4 million borrowed by us from certain Rolling Shareholders, namely Onchena, S.L. and Key Wolf, S.L., respectively, in relation to the financing of the Masmovil Acquisition, which pursuant to an agreement dated May 24, 2021, may be repaid on or after September 30, 2022, and which are expected to be capitalized into equity in the fourth quarter of 2021.

(12) Represents the aggregate principal amount of the outstanding short-term, unsecured and unguaranteed Masmovil Commercial Paper Notes as of June 30, 2021, issued by Masmovil under the €300 million 2020 commercial notes program registered on October 22, 2020 in MARF.

(13) Represents €150.0 million of indebtedness in relation to the short-term, unsecured Euskaltel Commercial Paper Notes issued by the Euskaltel, which was not refinanced in connection with the Euskaltel Acquisition. See "*Description of Certain Financing Arrangements—Euskaltel Commercial Paper Notes.*"

(14) The actual amount represents the lease liabilities of the Group pursuant to IFRS 16, as of June 30, 2021 Group. The adjusted amount represents the lease liabilities of the Group (€195.8 million) and the Euskaltel Group (€60.7 million) pursuant to IFRS 16, as of June 30, 2021.

(15) Represents (i) €46.5 million in outstanding deferred payments to sellers under the share purchase agreements in respect of the Lyca Acquisition (€17.6 million) and the acquisition of Ahimas (€28.9 million), (ii) €12.8 million of rental obligations outside the scope of IFRS 16, which are treated by us as financial liabilities (iii) aggregate principal amount of €4.2 million borrowed by us from the Ministry of Industry, Tourism and Commerce of the Government of Spain in relation to governmental grants, which has a five year tenor, (iv) €2.7 million deposits held by The Bymovil Spain from franchisees of retail stores, (v) hedging liabilities of €1.4 million and (vi) €0.4 million under certain unsecured working capital bilateral facilities entered into by us.

(16) Represents (i) €11.6 million of certain low interest rate loans (€5.4 million of which are to be converted into subsidies) provided by public

bodies to the Euskaltel Group in connection with the deployment of the Euskaltel's networks, (ii) €1.5 million of outstanding payables under headset financing contracts for Telecable clients with Liberbank and (iii) €8.7 million in relation to an earn out payment owed by the Euskaltel to one of its previous shareholders, resulting from certain transactions occurred prior to the Euskaltel Acquisition. In addition, the Euskaltel Group has available €49.7 million of unsecured working capital bilateral facilities which were undrawn as of June 30, 2021.

(17) Does not include other financial liabilities of €18.5 million related to IRU of Jazztel and payables to asset suppliers in the ordinary course of business.

2.11.3. Selected Historical Financial Information

Historical Financial Information of Masmovil and Lorca JVco

The historical consolidated financial information presented herein for the years ended December 31, 2018 and 2019, the nine months ended September 30, 2020 and the six months ended June 30, 2020 is that of the Masmovil Group. The Masmovil Acquisition was completed on September 22, 2020. Following the completion of the Masmovil Acquisition and effective from October 1, 2020, we changed our consolidation perimeter from Masmovil to Lorca JVco, and for subsequent reporting periods, we prepared our consolidated financial results at the level of Lorca JVco. Accordingly, the historical consolidated financial information presented herein for the period from March 4, 2020 (the date of Lorca JVco's incorporation) to December 31, 2020 and the six months ended June 30, 2021 is that of Lorca JVco and its subsidiaries. Lorca JVco was incorporated on March 4, 2020 for the purposes of facilitating the Masmovil Acquisition. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries (comprised of Lorca Holdco, Lorca Bidco and Lorca Finco) had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation. See "*Presentation of Financial and Other Information*."

The consolidated statement of comprehensive income data, consolidated statement of financial position data and consolidated statement of cash flow data presented herein are derived from the Historical Consolidated Financial Information. See "*Presentation of Financial and Other Information*."

Upon completion of the Masmovil Acquisition and effective from October 1, 2020, the consolidated financial statements of Lorca JVco began consolidating the results of the Masmovil Group. The historical aggregated financial information for the year ended December 31, 2020 supplementarily presented herein on a non-IFRS basis is therefore calculated by aggregating (i) the historical audited consolidated financial information of the Masmovil Group for the nine months ended September 30, 2020; and (ii) the historical audited consolidated financial information of Lorca JVco and its subsidiaries for the period from March 4, 2020 (the date of Lorca JVco's incorporation) to December 31, 2020 which, as mentioned above, includes the results of the Masmovil Group from October 1, 2020 (the "**Aggregated Financial Information**").

The historical audited consolidated financial information of Lorca JVco and its subsidiaries has a different accounting basis to the historical audited consolidated financial information of the Masmovil Group as a result of fair value accounting applied at the Masmovil Acquisition date as required by IFRS. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries (comprised of Lorca Holdco, Lorca Bidco and Lorca Finco) had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation. The Aggregated Financial Information has not been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

The Historical Consolidated Financial Information of Lorca JVco presented herein includes the results of operations and financial position of Lorca JVco, an entity which is not subject to the covenants contained in the Indentures. However, there are no material differences between (a) the results of operations and financial position of Lorca JVco as of and for the short financial year from Lorca JVco's incorporation on March 4, 2020 to December 31, 2020 and the six months ending June 30, 2021 and (b) the results of operations and financial position of Lorca Holdco for the same periods. The differences primarily related to certain non-material expenses incurred in connection with the Masmovil Acquisition as well as certain other non-material operating expenses. We believe that the relevant Historical Consolidated Financial

Information, subject to the non-material differences noted above, adequately reflects our consolidated financial results and financial position for the applicable periods.

Accordingly, references to the "Group" "we" "our" and "us" in the context of the Historical Consolidated Financial Information or other financial information for the periods prior to October 1, 2020 relate to Masmovil and its subsidiaries, and from and after October 1, 2020, relate to Lorca JVco and its subsidiaries.

In addition, the statement of financial position data of Lorca JVco as of December 31, 2020 presented herein was revised in connection with the completion, in the first six months of 2021, of our assessment of the fair values of the acquisition of telecommunications operator Ahimas Group, which resulted in an adjustment to the provisional values disclosed in the Historical Consolidated Financial Information as of December 31, 2020. For further information see Notes 2(c) and 3.2(a) in the Condensed Consolidated Interim Financial Statements for the six months ended June 30, 2021.

As a result of certain acquisitions and disposals that we have consummated during the periods presented in this Information Memorandum, and the intra-year timing of such acquisitions and disposals, the comparability of the Historical Consolidated Financial Information or the Euskaltel Historical Consolidated Financial Information over each of such periods may be limited. Unless otherwise specified, the Historical Consolidated Financial Information or the Euskaltel Historical Consolidated Financial Information do not give pro forma effect to the acquisitions and disposals that we have consummated during the periods presented in this Information Memorandum, or to any acquisitions and disposals occurring after June 30, 2021.

Historical Financial Information of the Euskaltel Group

The historical consolidated statement of comprehensive income data, consolidated statement of financial position data and consolidated statement of cash flow data of Euskaltel and its subsidiaries presented below, are derived from the English translation of the Spanish-language originals of the Euskaltel Historical Consolidated Financial Information. See "*Presentation of Financial and Other Information*."

Historical Consolidated Financial Information of Masmovil and/or Lorca JVco

Consolidated Statement of Comprehensive Income Data

(€ in thousands)	Masmovil For the year ended December 31, 2018	Masmovil For the Year ended December 31, 2019	Masmovil For the nine months ended September 30, 2020	Lorca JVco For the period from March 4, 2020 to December 31, 2020	Aggregated[1] For the year ended December 31, 2020	Masmovil For the six months ended June 30, 2020	Lorca JVco For the six months ended June 30, 2021
Revenue (*Ingresos ordinarios*) ..	**1,450,866**	**1,680,677**	**1,409,871**	**520,352**	**1,930,223**	**897,416**	**1,054,420**
Other operating income (*Otros ingresos de explotación*).........	47,348	65,348	39,551	19,836	59,387	26,569	31,317
Supplies (*Aprovisionamiento / Consumo de mercaderías, materias primas y consumibles*)	(724,150)	(804,404)	(629,456)	(204,159)	(833,615)	(400,870)	(401,361)
Employee benefits expenses (*Gastos por retribuciones a los empleados*)	(50,390)	(67,332)	(52,847)	(21,573)	(74,420)	(34,092)	(44,525)
Depreciation and amortization expenses (*Gastos por depreciación y amortización*) .	(213,583)	(271,818)	(254,458)	(131,750)	(386,208)	(154,157)	(262,560)
Impairment and results from disposals of assets (*Deterioro y resultado por enajenaciones del inmovilizado*)...................	(1,583)	112,205	(7,724)	(12,271)	(19,995)	(7,724)	226,789
Other operating expenses (*Otros gastos de explotación*)............	(350,259)	(424,357)	(353,918)	(204,128)	(558,046)	(231,891)	(277,265)
Operating profit/(loss) (*Resultado de explotación*)	**158,249**	**290,319**	**151,019**	**(33,693)**	**117,326**	**95,251**	**326,815**
Financial income / Finance income (*Ingresos financieros*)	958	5,975	3,526	1,955	5,481	2,339	1,447
Financial expenses (*Gastos financieros*)	(123,906)	(226,610)	(160,909)	(69,346)	(230,255)	(87,707)	(93,696)
Change in fair value of financial instruments (*Variación de valor razonable de instrumentos financieros*).......	486	580	(33)	669	636	149	(3,283)
Exchange rate differences / Exchange differences (*Diferencias de cambio*)	(137)	(44)	(163)	37	(126)	(193)	(36)
Impairment and result from disposal of financial instruments (*Deterioro y resultado por enajenaciones de instr. Financieros*)............	28,666	(149)	901	—	901	—	—
Gain on bargain purchase (*Ingresos por combinación de negocios*)...............................	—	—	—	—	—	1,171	—
Financial results / Net finance expense (*Resultado financiero*)	**(93,933)**	**(220,248)**	**(156,678)**	**(66,685)**	**(223,363)**	**(84,241)**	**(95,568)**
Results from investments accounted for using the equity method / Share of net profit of associates and joint ventures accounted for using the equity method (*Resultado por sociedades puestas en equivalencia*).........................	—	(5,000)	(8,558)	5,627	(2,931)	(5,583)	3,562
Profit/(Loss) from continuing operations, before income tax / Profit/(Loss) before income tax (*Beneficio/ (Pérdida) antes de impuestos de actividades Continuadas*)..	**64,316**	**65,071**	**(14,217)**	**(94,751)**	**(108,968)**	**5,427**	**234,809**
Income tax income/(expense) (*Ingreso/(Gasto) por impuesto sobre ganancias*)...................	(3,812)	28,141	2,503	28,569	31,072	(3,937)	(50,393)
Profit/(Loss) for the period from continuing operations (*Beneficio/(Pérdida) del ejercicio de actividades continuadas*).........................	**60,504**	**93,212**	**(11,714)**	—	**(11,714)**	**1,490**	**184,416**
Profit/(Loss) for the year/period (*Beneficio/(Pérdida) del ejercicio*)	**60,504**	**93,212**	**(11,714)**	**(66,182)**	**(77,896)**	**1,490**	**184,416**

Notes:

(1) Represents our unaudited supplementary non-IFRS Aggregated Financial Information for the year ended December 31, 2020, which is calculated by aggregating (a) the historical audited consolidated financial information of the Masmovil Group for the nine-month period ended September 30, 2020 and (b) the historical audited consolidated financial information of Lorca JVco for the period from March 4, 2020 (the date of Lorca JVco's incorporation) to December 31, 2020. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation.

Summary Consolidated Statement of Financial Position Data

	Masmovil		Lorca JVco	
(€ in thousands)	**As of December 31, 2018**	**As of December 31, 2019[(1)]**	**As of December 31, 2020[(2)]**	**As of June 30, 2021**
Cash and cash equivalents (*Efectivo y otros activos líquidos equivalentes*)	**98,205**	**63,037**	**81,385**	**92,458**
Total current assets (*Total activos corrientes*)	480,735	472,934	542,183	583,254
Total non-current assets (*Total activos no corrientes*)	2,316,491	2,802,860	6,339,379	6,622,235
Total assets (*Total activo*)	**2,797,226**	**3,275,794**	**6,881,562**	**7,205,489**
Total current liabilities (*Total pasivos corrientes*)	948,053	1,305,850	1,706,836	1,468,362
Total non-current liabilities (*Total pasivos no corrientes*)	1,387,965	1,866,028	3,387,491	3,764,096
Total liabilities (*Total pasivo*)	**2,336,018**	**3,171,878**	**5,094,327**	**5,232,458**
Total equity (*Total patrimonio neto*)	461,208	103,916	1,787,235	1,973,031
Total equity and liabilities (*Total patrimonio neto y pasivo*)	**2,797,226**	**3,275,794**	**6,881,562**	**7,205,489**

Notes:

(1) Revised in connection with the completion, in the first six months of 2020, of our assessment of the fair values of the acquisition of Carrier-E Mobile, S.L.U., which resulted in an adjustment to the provisional values disclosed in the Historical Consolidated Financial Information as of December 31, 2019, specifically in relation to the deferred tax assets (increased by €0.4 million) and unfavourable contract (*contrato onerosos*) (current liabilities) (increased by €1.8 million) and, consequently, the goodwill (*activos intangibles*) (increased by €1.3 million) resulting from the business combination.

(2) Revised in connection with the completion, in the first six months of 2021, of our assessment of the fair values of the acquisition of telecommunications operator Ahimas Group, which resulted in an adjustment to the provisional values disclosed in the Historical Consolidated Financial Information as of December 31, 2020, specifically in relation to goodwill (decreased by €44.7 million), intangible assets (increased by €30.4 million) and investments accounted for using the equity method (increased by €20.5 million) and, consequently, the total assets (increased by €6.2 million) resulting from the business combination. For further information see Notes 2(c) and 3.2(a) in the Condensed Consolidated Interim Financial Statements for the six months ended June 30, 2021.

Summary Consolidated Cash Flow Data

	Masmovil			Lorca JVco	Aggregated[(1)]	Masmovil	Lorca JVco
(€ in thousands)	**For the year ended December 31, 2018**	**For the year ended December 31, 2019**	**For the Nine months ended September 30, 2020**	**For the period from March 4, 2020 to December 31, 2020**	**For the year ended December 31, 2020**	**For the six months ended June 30, 2020**	**For the six months ended June 30, 2021**
Net cash flow from operating activities / Net cash flow generated from operating activities (*Efectivo neto generado por las actividades de explotación*)	311,263	583,203	341,579	52,118	393,697	207,214	190,987
Net cash flow used in investing activities (*Efectivo neto utilizado en las actividades de inversión*)	(602,340)	(572,853)	(839,649)	(2,983,433)	(3,823,082)	(742,584)	(113,260)
Net cash flow from/(used in) financing activities (*Efectivo neto generado / (utilizado en) las actividades de financiación*)	69,190	(45,518)	508,278	3,012,700	3,520,978	719,847	(66,654)
Net increase/(decrease) in cash and cash equivalents (*Disminución neta del efectivo o equivalentes*)	**(221,887)**	**(35,168)**	**10,207**	**81,385**	**91,592**	**184,477**	**11,703**

Notes:

(1) Represents our unaudited supplementary non-IFRS Aggregated Financial Information for the year ended December 31, 2020, which is calculated by aggregating (a) the historical audited consolidated financial information of the Masmovil Group for the nine-month period ended September 30, 2020 and (b) the historical audited consolidated financial information of Lorca JVco for the period from March 4,

2020 (the date of Lorca JVco's incorporation) to December 31, 2020. Prior to the Masmovil Acquisition, Lorca JVco and its subsidiaries had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation.

Historical Consolidated Financial Information of Euskaltel Group

Consolidated Income Statement Data

	For the year ended December 31,			For the six months ended June 30,	
(€ in thousands)	**2018**	**2019**	**2020**	**2020**	**2021**
Revenue (*Importe neto de la cifra de negocios*)	**674,642**	**668,303**	**677,785**	**334,668**	**338,836**
Work performed by the entity and capitalized (*Trabajos realizados por la empresa para su activo*)	16,377	16,763	19,176	8,477	9.567
Supplies (*Aprovisionamiento*)	(159,602)	(163,257)	(181,718)	(84,269)	(106,441)
Other operating income (*Otros ingresos de explotación*)	616	404	139	280	43
Personnel expenses (*Gastos del personal*)	(51,217)	(58,713)	(42,107)	(20,082)	(23,900)
Other operating expenses (*Otros gastos de explotación*)	(165,081)	(149,608)	(151,183)	(72,942)	(87,557)
Amortization and depreciation (*Depreciación del inmovilizado/Amortización del inmovilizado*)	(185,854)	(193,096)	(196,502)	(95,424)	(119,825)
Results from operating activities (*Resultado de explotación*)	**129,881**	**120,796**	**125,590**	**70,708**	**10,723**
Finance income (*Ingresos financieros*)	918	610	1,574	361	206
Finance cost (*Gastos financieros*)	(49,112)	(49,888)	(60,460)	(27,102)	(23,792)
Net finance income/cost (*Resultado financiero*)	(48,194)	(49,278)	(58,886)	(26,741)	(23,586)
Profit before income tax (*Resultado antes de impuestos*)	81,687	71,518	66,704	43,967	(12,863)
Income tax (*Impuesto sobre beneficios*)	(18,901)	(9,500)	12,662	(8,412)	7,337
Profit for the period (*Resultado del ejercicio*)	**62,786**	**62,018**	**79,366**	**35,555**	**(5,526)**

Summary Consolidated Statement of Financial Position Data

	As of December 31,			As of June 30,
(€ in thousands)	**2018**	**2019[1]**	**2020**	**2021**
Cash and cash equivalents (*Efectivo y otros activos líquidos equivalentes*)	**107,356**	**98,247**	**127,366**	**88,315**
Non-current assets (*Activo no corriente*)	2,721,017	2,740,013	2,721,038	2,740,329
Current assets (*Activo corriente*)	177,671	168,246	233,779	202,470
Total assets (*Total activo*)	**2,898,688**	**2,908,259**	**2,954,817**	**2,942,799**
Equity (*Patrimonio neto*)	974,886	981,965	1,009,249	976,168
Non-current liabilities (*Pasivo no corriente*)	1,562,189	1,524,908	1,543,430	1,537,116
Current liabilities (*Pasivo corriente*)	361,613	401,386	402,138	429,515
Total equity and liabilities (*Total patrimonio neto y pasivo*)	**2,898,688**	**2,908,259**	**2,954,817**	**2,942,799**

Notes:

(1) Restated for the change in method of presentation of certain information regarding net investments in assets (in particular, grants relating to assets (or capital), which up until the year ended December 31, 2020, were presented under deferred income in non-current liabilities in the statement of financial position data of the Euskaltel Group) (see also Note 2.2. in the Euskaltel Historical Consolidated Financial Information as of and for the year ended December 31, 2020).

Summary Consolidated Cash Flow Data

	For the year ended December 31,			For the six months ended June 30,	
(€ in thousands)	**2018**	**2019**	**2020**	**2020**	**2021**
Net cash flows from/(used in) operating activities (*Flujos de efectivo de las actividades de explotación*)	276,264	253,301	277,237	128,373	125,980
Net cash flow from/(used in) investing activities (*Flujos de efectivo de las actividades de inversión*)	(153,009)	(152,514)	(181,539)	(75,271)	(122,825)
Net cash flow from/(used in) financing activities (*Flujos de efectivo de las actividades de financiación*)	(74,551)	(109,896)	(66,579)	(28,887)	(42,206)
Net increase/(decrease) in cash and cash equivalents (*Aumento/disminución neta del efectivo o equivalentes*)	**48,704**	**(9,109)**	**29,119**	**24,215**	**(39,051)**

Historical Individual Financial Information of Masmovil Ibercom

Summary Individual Balance Sheet as of 31 December 2020 and 31 December 2019

Assets (*Activo*) **(€ in thousands)**	**2020**	**2019**
Intangible fixed assets (*Inmovilizado intangible*)	2,211	3,072
Tangible fixed asset (Inmovilizado material)	3,422	4,283
Long-term investments in Group and associated companies (*Inversiones en empresas del Grupo y asociadas a largo plaz*o)	445,343	357,596
Deferred tax assets (*Activos por impuesto diferido*)	40,249	22,062
Total non-current assets (*Total activos no corrientes*)	**491,225**	**387,013**
Trade and other receivables (*Deudores comerciales y otras cuentas a cobrar*)	21,759	58,223
Short-term investments in Group and associated companies (*Inversiones en empresas del Grupo y asociadas a corto plazo*)	6,094	61,087
Short-term financial investments (*Inversiones financieras a corto plazo*)	23	24
Short-term accruals (*Periodificaciones a corto plazo*)	4,707	4,502
Cash and cash equivalents (*Efectivo y otros activos líquidos equivalentes*)	539	2,996
Total current assets (*Total activos corrientes*)	**33,122**	**126,832**
Total assets (*Total activo*)	**524,347**	**513,845**

Liabilities (Pasivo) **(€ in thousands)**	**2020**	**2019**
Equity (*Fondos propios*)	(50,344)	289,835
Grants, donations and legacies received (*Subvenciones, donaciones y legados recibidos*)	44	208
Total net worth (*Total patrimonio neto*)	**(50,300)**	**290,043**
Long-term debts (*Deudas a largo plazo*)	687	592
Long-term debt with Group and associated companies (*Deudas con empresas del Grupo y asociadas a largo plazo*)	302,834	8,638
Deferred tax liabilities (*Pasivos por impuesto diferido*)	17	78
Total non-current liabilities (*Total pasivos no corrientes*)	**303,538**	**9,308**
Short-term debts (*Deudas a corto plazo*)	207,475	127,778
Short-term debt with Group and associated companies (*Deudas con empresas del Grupo y asociadas a corto plazo*)	41,334	18,610
Trade and other payables (*Acreedores comerciales y otras cuentas a pagar*)	22,300	38,539
Provisions (*Provisiones*)	-	29,567
Total current liabilities (*Total pasivos corrientes*)	271,109	214,494
Total net worth and liabilities (*Total patrimonio neto y pasivo*)	**524,347**	**513,845**

Summary Individual Profit and Loss Account as of 31 December 2020 and 31 December 2019

(€ in thousands)

	2020	2019
Net turnover (*Importe neto de la cifra de negocios*)	98,880	280,866
Works carried out by the company for its assets (*Trabajos realizados por la empresa para su activo*)	72	173
Procurement (*Aprovisionamientos)*	(77,254)	(51,672)
Other operating income (*Otros ingresos de explotación*	9,117	11,416
Staff costs (*Gastos de personal*)	(1,167)	(2,857)
Other operating expenses (*Otros gastos de explotación*)	(26,601)	(9,810)
Depreciation of fixed assets (*Amortización del inmobilizado*)	(2,506)	(2,874)
Allocation of grants for non-financial fixed assets and others (*Imputación de subvenciones de inmovilizado no financiero y otras*)	162	151
Other results (*Otros resultados*)	38	(3)
Operating result (*Resultado de explotación*)	**741**	**225,390**
Financial income (*Ingresos financieros*)	6	4,055
Financial expense (*Gastos financieros*)	(42,075)	(120,524)
Exchange rate differences (Diferencias de cambio)	(1)	(1)
Impairment and gain or loss on disposal of financial instruments (*Deterioro y resultado por enajenaciones de instrumentos financieros*)	(6)	(150)
Financial result (*Resultado financiero*)	(42,076)	(116,620)
Profit (Loss) before tax (*Resultado antes de impuestos*)	**(41,335)**	**108,770**
Profit tax (*Impuesto sobre beneficios*)	10,005	25,080
Profit (Loss) for the year (*Resultado del ejercicio*)	**(31,330)**	**133,850**

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3. FULL NAME OF THE SECURITIES ISSUE

Commercial Paper Programme MASMOVIL 2021.

4. PERSONS RESPONSIBLE

Mr.. Meinrad Spenger, acting on behalf of and representing MASMOVIL IBERCOM, S.A.U. (in this document, indistinctly, "**MASMOVIL**", "**MASMOVIL IBERCOM S.A.U.**", the "**Company**" or the "**Issuer**" and together with the companies that belong to its group for the purposes of commercial law, the **"MASMOVIL Group"** or the **"Group"**), in his capacity of Chief Executive Officer (CEO), is responsible for the entire content of this Information Memorandum, pursuant to the authorisation granted by the Issuer's Board of Directors on October 26, 2021.

Mr. Meinrad Spenger hereby declares that the information contained in this Information Memorandum is, to the best of his knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect its contents.

5. DUTIES OF THE REGISTERED ADVISOR OF MARF

Banco de Sabadell, S.A. is a Spanish corporation (*sociedad anónima*) with tax identification code A-08000143, registered with the Commercial Registry of Alicante in volume 4070, sheet A-156980, with registered office at Avenida Óscar Esplá, 37, Alicante ("**Banco Sabadell**"), which has been admitted as a registered advisor (*asesor registrado*) of MARF pursuant to operative instruction (*instrucción operativa*) 6/2018, issued by MARF on 15 October 2018.

Masmovil has appointed Banco Sabadell as the Issuer's registered advisor (*asesor registrado*) in the MARF (the "**Registered Advisor**").

In accordance with this appointment, Banco Sabadell has undertaken to cooperate with the Issuer so that it can comply with the obligations and duties that the Issuer will assume when incorporating each issuance of Commercial Paper under the Programme into MARF as multilateral trading facility, acting as specialist liaison between both MARF and the Issuer, and as a means to facilitate the insertion and development of the same under the new securities trading regime.

In accordance with its duties and responsibilities, Banco Sabadell must provide MARF with any periodic information that MARF may require and, on the other hand, MARF may require as much information as it may deem necessary regarding the actions to be carried out by Banco Sabadell and its obligations as Registered Advisor, MARF being authorized to perform as many actions as necessary, where appropriate, in order to verify the information that has been provided.

In this regard, it should be noted that the Issuer must have, at all times as long as there are outstanding Commercial Paper, a designated Registered Advisor registered with the "Market Registered Advisor Registry" (*Registro de Asesores Registrados del Mercado*).

Banco Sabadell, as Registered Advisor of the Issuer, will provide the Issuer with the following advisory services:

(i) advice on the admission (*incorporación*) to trading on MARF of the Commercial Paper issued under the Programme;

(ii) advice on the compliance with any obligations and duties that the Issuer may have as a result of its participation in the MARF;

(iii) advice on compiling and submitting the financial and business information required by MARF regulations; and

(iv) advice on ensuring that the information produced by the Issuer complies with the requirements of MARF regulations.

As Registered Advisor, Banco Sabadell with respect to the request for the admission (*incorporación*) to trading on MARF of the Commercial Paper:

(i) has verified that the Issuer meets all the requirements that MARF regulations provide for in order to obtain the admission (*incorporación*) to trading of the Commercial Paper as securities;

(ii) has assisted the Issuer in the preparation of this Information Memorandum, has reviewed all the information provided by the Issuer to MARF in connection with the request for the admission (*incorporación*) to trading on MARF of the Commercial Paper, and has verified that the information delivered meets all the requirements of applicable regulations and does not leave out any relevant information that could lead to confusion among potential investors.

Once the Commercial Paper is admitted to trading on MARF, the Registered Advisor:

(i) will review the information that the Issuer produces and submits to MARF either periodically or on a one-off basis, and will verify that this information meets the requirements concerning contents and deadlines set out in the applicable regulations;

(ii) will advise the Issuer on the events that might affect the fulfilment of the obligations assumed by the Issuer when including the Commercial Paper to trading on MARF, as well as the best way to deal with such events in order to avoid any breach of said obligations;

(iii) will report to MARF any events that might represent a breach by the Issuer of its obligations in the event the Registered Advisor identifies any potential breach of material obligations that has not been cured by the Issuer following the Registered Advisor's advice; and

(iv) will manage, answer and deal with any queries and requests for information that MARF may require regarding the situation of the Issuer, progress of its business, the level of compliance with its obligations and any other data that MARF may deem relevant.

For these purposes, the Registered Advisor will carry out the following actions:

(i) will maintain regular and necessary contact with the Issuer and will analyse any exceptional situations that may arise or occur with regard to the evolution of the price, trading volumes and other relevant circumstances related to the trading of the Commercial Paper;

(ii) will sign any declarations which, in general, have been set out in the regulations as a consequence of the admission (*incorporación*) to trading of the Commercial Paper on MARF, as well as with regard to the information required from companies with securities being traded on MARF; and

(iii) will forward to MARF, without delay, the communications received in response to queries and requests for information the latter may send.

6. MAXIMUM OUTSTANDING BALANCE

The maximum amount of outstanding issuances of Commercial Paper under the Programme will be a nominal of three hundred million euros (€300,000,000).

This amount is understood as the maximum outstanding balance of all the Commercial Paper issued at any given time during the term of the Programme pursuant to this Information Memorandum.

7. DESCRIPTION OF THE TYPE AND CLASS OF THE SECURITIES. NOMINAL VALUE.

The Commercial Paper Notes (*pagarés* in Spanish) are securities with an implicit positive, zero or negative yield, so that their return (positive, zero or negative) results from the difference between the subscription or acquisition price and the redemption price, with no right to receive a periodic coupon.

The Commercial Paper Notes issued and outstanding at any given time represents a debt for the Issuer and will be reimbursed at maturity at their face value.

An ISIN (International Securities Identification Number) code will be assigned to each issuance of Commercial Paper that has the same maturity date.

Each Commercial Paper will have a nominal value of one hundred thousand euros (€100,000), meaning that the maximum number of issuances of Commercial Paper in circulation at any given time will not exceed three thousand (3,000).

8. GOVERNING LAW OF THE SECURITIES

The Commercial Paper Notes are securities issued in accordance with the Spanish legislation applicable to the Issuer and to the Commercial Paper as securities (*valores*).

In particular, the Commercial Paper Notes will be issued pursuant to Royal Legislative Decree 4/2015, of 23 October, by virtue of which the restated text of the Securities Market Act is approved (*Texto Refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) (the "**Securities Market Act**"), in accordance with its current wording and with any other related regulations.

This Information Memorandum is the one required in Circular 2/2018 of MARF, on admission (*incorporación*) and removal of securities on the Alternative Fixed-Income Market.

The courts and tribunals of the city of Madrid will have exclusive jurisdiction to settle any disputes arising from or in connection with the Commercial Paper (including disputes regarding any non-contractual obligation arising from or in connection with the Commercial Paper).

9. REPRESENTATION OF THE SECURITIES THROUGH BOOK ENTRIES

The Commercial Paper Notes to be issued under the Programme will be represented by book entries (*anotaciones en cuenta*), as set out in the mechanisms for trading on MARF for which admission of the Commercial Paper Notes is required.

The party in charge of the accounting records is Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**Iberclear**"), with registered office at Madrid, Plaza de la Lealtad, 1, together with its participating entities, pursuant to article 8.3 of the Securities Market Act and Royal Decree 878/2015, of 2 October, on the clearing, settlement and recording of transferable securities represented in book-entry form, on the legal regime of the central securities depositaries and central counterparties, and on the transparency requirements for issuers of securities admitted to trading in a regulated market *(Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficia*l), as amended by Royal Decree 827/2017, of 1 September, and Royal Decree 1464/2018, of 21 December.

10. CURRENCY OF THE ISSUE

The Commercial Paper Notes issued under the Programme will be denominated in Euros.

11. CLASSIFICATION OF THE COMMERCIAL PAPER: ORDER OF PRIORITY

Any issuance of Commercial Paper under the Programme will not be secured by any *in rem* guarantees (*garantías reales*) or guaranteed by any personal guarantees (*garantías personales*).

Principal and interest amounts owed by the Issuer under the Commercial Paper will be unsecured, but the Issuer will be liable for any amount with its total net worth (*responsabilidad personal universal*). Therefore, the payment obligations of the Issuer under the Commercial Paper shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

For the purposes of priority, should the Issuer file for insolvency, the investors are behind any privileged creditors that the Issuer has on that date pursuant to the classification and order of priority of credits set out in the Insolvency Law.

12. DESCRIPTION OF THE RIGHTS INHERENT TO THE SECURITIES AND THE PROCEDURE TO EXERCISE SUCH RIGHTS. METHOD AND TERM FOR PAYMENT AND DELIVERY OF THE SECURITIES

In accordance with the applicable legislation, the Commercial Paper Notes issued under the Programme will not grant the investors any present or future political rights over the Issuer.

The economic and financial rights of the investor associated to the subscription (or acquisition) and holding of the Commercial Paper will be those arising from the conditions of the nominal interest rate, yields and redemption prices with which the notes are issued, as specified in sections 13, 14 and 16 below.

The date of disbursement of the Commercial Paper will be the same as the date of issuance, and the effective value of the Commercial Paper will be paid to the Issuer by the relevant Dealers (as this term is defined in section 15 below) or by the investors, as the case may be, through the Paying Agent (as defined in section 15 below), in its capacity as paying agent, in the account specified by the Issuer on the relevant date of issuance of Commercial Paper.

In all cases each Dealer or, as the case may be, the Issuer, will issue a nominative and non-negotiable certificate of acquisition regarding the Commercial Paper in which said Dealer has collaborated in its placement or in which the investors have acquired the Notes directly from the Issuer, as applicable. This document will provisionally give evidence of the subscription of the Commercial Paper until the appropriate book entry (*anotación en cuenta*) is registered, which will grant its holder the right to request the relevant legitimacy certificate (*certificado de legitimación*).

Furthermore, the Issuer will report the disbursement to MARF and Iberclear through the relevant certificate.

13. ISSUE DATE. TERM OF THE PROGRAM

The term of validity of the Programme is one (1) year from the date of incorporation of this Information Memorandum with MARF.

As the Programme is a continuous type, the Notes may be issued and subscribed on any day during its term of validity. However, the Issuer reserves the right not to issue new Notes when it deems such action appropriate pursuant to the cash needs of the Issuer or because it finds more favourable financing conditions.

The issue date and disbursement date of the Commercial Paper Notes will be indicated in the complementary certificates (*certificaciones complementarias*) produced at the time of each issuance. The issue date, disbursement and admission (*incorporación*) of the Commercial Paper may not fall after the expiration date of this Information Memorandum.

14. NOMINAL INTEREST RATE. INDICATION OF THE YIELD AND CALCULATION METHOD

The annual nominal interest for the Commercial Paper Notes will be set in each issuance.

The Commercial Paper will be issued at the interest rate agreed by and between Banco Sabadell, S.A., Banco Santander, S.A., CaixaBank, S.A., Banco Bilbao Vizcaya Argentaria, S.A. and Banca March, S.A. (for these purposes, the "**Dealers**" and each individually a "**Dealer**") and the Issuer, or, as the case may be, agreed between the Issuer and the investors. The yield shall be implicit in the subscription or acquisition price of the Commercial Paper Notes issued at a particular issuance, considering that the Notes will be reimbursed on the maturity date at their face value.

The price at which the relevant Dealer transfers the Commercial Paper Notes to third parties will be the rate freely agreed between the relevant dealer and the interested investors.

As the Notes are securities issued at a discounted subscription price (*al descuento*) and with an implicit yield, the cash amount to be paid out by each investor (effective value) varies in accordance with the nominal interest rate and term agreed.

Therefore, the cash amount (effective value) of the Commercial Paper Notes can be calculated by applying the following formulas:

- When the Notes are issued for a maximum term of 365 days:

$$E = \frac{N}{1 + i x \frac{d}{365}}$$

- When the Notes are issued for more than 365 days:

$$E = \frac{N}{(1+i)^{\frac{d}{365}}}$$

where:

N = nominal amount of the Commercial Paper Notes.

E = cash amount (effective value) of the Commercial Paper Notes.

d = number of days from the issue date until maturity date.

i = nominal interest rate, expressed as a decimal.

A table is included hereafter to help the investor, including the effective value scenarios for different rates of interest and redemption periods, and there is also a column showing the variation of the effective value of the Commercial Paper Notes by increasing such period in 10 days.

[see table in the following page]

EFFECTIVE VALUE OF A COMMERCIAL PAPER WITH A NOMINAL VALUE OF €100,000

(Less than one year term)

	7 DAYS			14 DAYS			30 DAYS			60 DAYS		
Nominal rate (%)	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**
0,25	99.995,21	0,25	-6,85	99.990,41	0,25	-6,85	99.979,46	0,25	-6,85	99.958,92	0,25	-6,84
0,50	99.990,41	0,50	-13,69	99.980,83	0,50	-13,69	99.958,92	0,50	-13,69	99.917,88	0,50	-13,67
0,75	99.985,62	0,75	-20,54	99.971,24	0,75	-20,53	99.938,39	0,75	-20,52	99.876,86	0,75	-20,49
1,00	99.980,83	1,00	-27,38	99.961,66	1,00	-27,37	99.917,88	1,00	-27,34	99.835,89	1,00	-27,30
1,25	99.976,03	1,26	-34,22	99.952,08	1,26	-34,20	99.897,37	1,26	-34,16	99.794,94	1,26	-34,09
1,50	99.971,24	1,51	-41,06	99.942,50	1,51	-41,03	99.876,86	1,51	-40,98	99.754,03	1,51	-40,88
1,75	99.966,45	1,77	-47,89	99.932,92	1,76	-47,86	99.856,37	1,76	-47,78	99.713,15	1,76	-47,65
2,00	99.961,66	2,02	-54,72	99.923,35	2,02	-54,68	99.835,89	2,02	-54,58	99.672,31	2,02	-54,41
2,25	99.956,87	2,28	-61,55	99.913,77	2,27	-61,50	99.815,41	2,27	-61,38	99.631,50	2,27	-61,15
2,50	99.952,08	2,53	-68,38	99.904,20	2,53	-68,32	99.794,94	2,53	-68,17	99.590,72	2,53	-67,89
2,75	99.947,29	2,79	-75,21	99.894,63	2,79	-75,13	99.774,48	2,78	-74,95	99.549,98	2,78	-74,61
3,00	99.942,50	3,04	-82,03	99.885,06	3,04	-81,94	99.754,03	3,04	-81,72	99.509,27	3,04	-81,32
3,25	99.937,71	3,30	-88,85	99.875,50	3,30	-88,74	99.733,59	3,30	-88,49	99.468,59	3,29	-88,02
3,50	99.932,92	3,56	-95,67	99.865,93	3,56	-95,54	99.713,15	3,56	-95,25	99.427,95	3,55	-94,71
3,75	99.928,13	3,82	-102,49	99.856,37	3,82	-102,34	99.692,73	3,82	-102,00	99.387,34	3,81	-101,38
4,00	99.923,35	4,08	-109,30	99.846,81	4,08	-109,13	99.672,31	4,07	-108,75	99.346,76	4,07	-108,04
4,25	99.918,56	4,34	-116,11	99.837,25	4,34	-115,92	99.651,90	4,33	-115,50	99.306,22	4,33	-114,70
4,50	99.913,77	4,60	-122,92	99.827,69	4,60	-122,71	99.631,50	4,59	-122,23	99.265,71	4,59	-121,34

EFFECTIVE VALUE OF A COMMERCIAL PAPER WITH A NOMINAL VALUE OF €100,000

	(Less than one year term)						(Equal to one year term)			(More than one year term)		
	90 DAYS			180 DAYS			365 DAYS			731 DAYS		
Nominal rate (%)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)
0,25	99.938,39	0,25	-6,84	99.876,86	0,25	-6,83	99.750,62	0,25	-6,81	99.501,19	0,25	-6,81
0,50	99.876,86	0,50	-13,66	99.754,03	0,50	-13,63	99.502,49	0,50	-13,56	99.006,10	0,50	-13,53
0,75	99.815,41	0,75	-20,47	99.631,50	0,75	-20,39	99.255,58	0,75	-20,24	98.514,69	0,75	-20,17
1,00	99.754,03	1,00	-27,26	99.509,27	1,00	-27,12	99.009,90	1,00	-26,85	98.026,93	1,00	-26,72
1,25	99.692,73	1,26	-34,02	99.387,34	1,25	-33,82	98.765,43	1,25	-33,39	97.542,79	1,25	-33,19
1,50	99.631,50	1,51	-40,78	99.265,71	1,51	-40,48	98.522,17	1,50	-39,87	97.062,22	1,50	-39,58
1,75	99.570,35	1,76	-47,51	99.144,37	1,76	-47,11	98.280,10	1,75	-46,29	96.585,19	1,75	-45,90
2,00	99.509,27	2,02	-54,23	99.023,33	2,01	-53,70	98.039,22	2,00	-52,64	96.111,66	2,00	-52,13
2,25	99.448,27	2,27	-60,93	98.902,59	2,26	-60,26	97.799,51	2,25	-58,93	95.641,61	2,25	-58,29
2,50	99.387,34	2,52	-67,61	98.782,14	2,52	-66,79	97.560,98	2,50	-65,15	95.175,00	2,50	-64,37
2,75	99.326,48	2,78	-74,28	98.661,98	2,77	-73,29	97.323,60	2,75	-71,31	94.711,79	2,75	-70,37
3,00	99.265,71	3,03	-80,92	98.542,12	3,02	-79,75	97.087,38	3,00	-77,41	94.251,96	3,00	-76,30
3,25	99.205,00	3,29	-87,55	98.422,54	3,28	-86,18	96.852,30	3,25	-83,45	93.795,46	3,25	-82,15
3,50	99.144,37	3,55	-94,17	98.303,26	3,53	-92,58	96.618,36	3,50	-89,43	93.342,27	3,50	-87,93
3,75	99.083,81	3,80	-100,76	98.184,26	3,79	-98,94	96.385,54	3,75	-95,35	92.892,36	3,75	-93,64
4,00	99.023,33	4,06	-107,34	98.065,56	4,04	-105,28	96.153,85	4,00	-101,21	92.445,69	4,00	-99,28
4,25	98.962,92	4,32	-113,90	97.947,14	4,30	-111,58	95.923,26	4,25	-107,02	92.002,23	4,25	-104,85
4,50	98.902,59	4,58	-120,45	97.829,00	4,55	-117,85	95.693,78	4,50	-112,77	91.561,95	4,50	-110,35

Given the different types of issues that will applied throughout the Commercial Paper Programme, we cannot predetermine the internal rate of return (IRR) for each investor.

In any case, for the Commercial Paper Notes with a term of 365 days or less, it will be determined in accordance with the following formula:

$$i = \left[\left(\frac{N}{E}\right)^{365/d} - 1\right]$$

where:

i = effective annual interest rate, expressed as a decimal.

N = nominal amount of the Commercial Paper Notes.

E = cash amount (effective value) at the time of subscription or acquisition.

d = number of calendar days between the issue date (inclusive) and the maturity date (exclusive).

Regarding the Commercial Paper with a term exceeding 365 days, the IRR is equal to the nominal rate of the Commercial Paper set out in this section.

If the Commercial Paper Notes are originally subscribed by the Dealers in order to have the relevant Notes transferred to the investors, the price at which each Dealers may transfer the Commercial Paper Notes will be freely agreed among the relevant Dealer and investors, which may not be the same as the issue price.

15. DEALERS, PAYING AGENT AND DEPOSITARY ENTITIES

The entities that initially collaborate in this Programme and in the placement of the Commercial Paper under each issuance (the "**Dealers**" and each of them a "**Dealer**") are the following:

1. Banco de Sabadell, S.A. ("**Banco Sabadell**")
   - Tax Identification Number: A-08000143
   - Registered office: Avda. Óscar Esplá, 37, 03007 Alicante
2. Banco Santander, S.A. ("**Santander**")
   - Tax Identification Number: A-39000013
   - Registered office: Paseo de Pereda, 9-12, 39004 Santander
3. CaixaBank, S.A. ("**CaixaBank**")
   - Tax Identification Number: A-08663619
   - Registered office: calle Pintor Sorolla, 2-4 46002 Valencia
4. Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**")
   - Tax Identification Number: A-48265169
   - Registered office: Plaza San Nicolás 4, 48005 Bilbao
5. Banca March, S.A. ("**Banca March**")
   - Tax Identification Number: A-07004021
   - Registered office: Av. Alejandro Rosselló, 8, 07002 Palma de Mallorca

A collaboration agreement for the placement (*contrato de colaboración en la colocación*) has been entered into by the Issuer and each of the Dealers for this Programme, including the possibility to sell the Notes to third parties.

The Issuer reserves the right to appoint new Dealers under the Programme. In the case that a new Dealer is appointed by the Issuer, a relevant information notice will be promptly communicated to MARF.

Banco de Sabadell, S.A. will also act as paying agent (the "**Paying Agent**"). By acting under the paying agency agreement executed with the Issuer and in connection with the Notes, the Paying Agent will act solely as agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the holders of the Notes. Notice of any change of the entity acting as Paying Agent will be promptly communicated to MARF by means of the relevant notice.

Although Iberclear will be the entity in charge of the book-keeping (*registro contable*) of the accounting records corresponding to the Notes, the investors must note that we, as Issuer, have not designated any depository entity for the Notes. Each subscriber or acquirer of the Notes must appoint, among Iberclear's participating entities, the entity that will act as depositary of the Notes held by such investor.

Any holder of the Notes who does not have, directly or indirectly through its custodians, a participating account with Iberclear may participate in the Commercial Paper Notes through bridge accounts maintained by each of Euroclear Bank, SA/NV or Clearstream Banking, Société Anonyme, Luxembourg, as appropriate.

16. REDEMPTION PRICE AND PROVISIONS REGARDING MATURITY OF THE SECURITIES. DATE AND METHODS OF REDEMPTION

The Commercial Paper Notes issued under a particular issuance made under the Programme will be redeemed at their face value on the maturity date indicated in the terms and conditions of each issuance, withholding the relevant amount according to tax regulations if such withholding is applicable.

The Commercial Paper issued under the Programme may have a redemption period of between three (3) Business Days and seven hundred and thirty (730) calendar days (twenty-four (24) months). "**Business Day**" means: a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto is operating, except from those days that, in spite of being business days according to TARGET2, are holidays in the city of Madrid.

Considering that the Commercial Paper Notes will be traded on MARF, their redemption will take place pursuant to the operating rules of the clearance system of MARF, so that, on maturity date, the nominal amount of the relevant Notes is paid to their legitimate holder. The Paying Agent does not take any liability whatsoever regarding any investor's expected reimbursement from the Issuer on the maturity date of the relevant Commercial Paper Notes held by each investor.

17. VALID TERM TO CLAIM THE REIMBURSEMENT OF THE PRINCIPAL

In accordance with article 1,964.2 of the Spanish Civil Code, actions to request the reimbursement of the face value of the Commercial Paper Notes may be exercised by each relevant investor during five (5) years from the date on which the Notes held by such investor become due.

18. MINIMUM AND MAXIMUM ISSUE PERIOD

As previously stated, during the validity term of this Information Memorandum the Commercial Paper issued may have a redemption period of between three (3) Business Days and seven hundred and thirty (730) calendar days (that is, twenty four (24) months).

19. EARLY REDEMPTION

Any Commercial Paper Notes issued under the Programme will not include an early redemption option for the Issuer (*call*) or for the holder of the Notes (*put*). Notwithstanding the foregoing, the Issuer may redeem the Commercial Paper Notes that the Issuer can hold or possess for any legitimate title prior to the relevant maturity date

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20. RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE SECURITIES

In accordance with current legislation, there are no specific or generic restriction on the free transferability of the Commercial Paper Notes that will be issued under the Programme.

21. TAXATION OF THE SECURITIES

In accordance with the provisions set out in current Spanish legislation, the Commercial Paper Notes are classified as **financial assets with implicit yield**.

Therefore, the general tax regime in force in Spain at any given time for issues of financial assets with implicit yield will apply to the Notes issued under the Programme.

Income from the Notes is considered to be capital gains and subject to Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) (the "**PIT**"), Corporate Income Tax (*Impuesto sobre Sociedades*) (the "**CIT**") and Non-residents Income Tax (*Impuesto sobre la Renta de no Residentes*) (the "**NRIT**").

The tax is collected through interim withholdings at source, under the terms and conditions set out in the respective regulatory laws and other standards that implement said laws.

For illustrative purposes only, the main pieces of Spanish tax legislation at the time this Information Memorandum is published are the following:

(i) Law 35/2006, of November 28, on Personal Income Tax and partial amendment of the laws on Corporate Tax, Non-residents Income Tax and Wealth (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (the "**PIT Law**"), as well as those contained in articles 74 *et seq.* of Royal Decree 439/2007, of March 30, which approves the regulation on Personal Income Tax and modifies the regulations on Pension Funds and Plans approved through Royal Decree 304/2004, of February 20 (*Real Decreto 439/2007, de 30 de marzo, por el que se aprueba el Reglamento del Impuesto sobre la Renta de las Personas Físicas y se modifica el Reglamento de Planes y Fondos de Pensiones, aprobado por Real Decreto 304/2004, de 20 de febrero*);

(ii) Law 27/2014, of November 27, on Corporate Tax Law (*Ley 27/2014, de 27de noviembre, del Impuesto sobre Sociedades*) (the "**CIT Law**") as well as articles 60 *et seq.* of the Corporate Income Tax regulations approved through Royal Decree 634/2015, of July 10 (*Reglamento del Impuesto sobre Sociedades aprobado por el Real Decreto 634/2015, de 10 de julio*);

(iii) Royal Legislative Decree 5/2004, of March 5, which approves the recast text of the Non-residents Income Tax law (*Real Decreto Legislativo 5/2004, de 5 de marzo, por el que se aprueba el texto refundido de la Ley del Impuesto sobre la Renta de no Residentes*) (the "**NRIT Law**") and those contained in Royal Decree 1776/2004, of July 30, which approves the regulations in respect of Non-residents Income Tax (*Real Decreto 1776/2004, de 30 de julio por el que se aprueba el Reglamento del Impuesto sobre la Renta de no residentes*) (the "**NRIT Regulation**");

(iv) Law 19/1991, of 6 June, on the Wealth Tax (*Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio*); and

(v) Law 29/1987, of 18 December, on the Inheritance and Gift Tax (*Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones*) (the "**I&GT Law**") and its regulations contained in Royal Decree 1629/1991, of 8 November.

This section of the Information Memorandum summarizes the tax regime applicable to the acquisition, ownership and, if only, subsequent transfer of the offered Notes. All this without prejudice to any regional tax regimes that may be applicable, particularly those corresponding to the historic territories of the Basque Country and of the Regional Community of Navarre, or any other regimes that could be applicable due to the specific features of the relevant investor.

As a general rule, in order to dispose of or obtain reimbursement of financial assets with implicit yield that are subject to a withholding at source at the time of transfer, redemption or reimbursement, prior acquisition of the same must be substantiated through a notary public or by financial institutions obliged to perform withholdings. The price of the transaction must also be certified. The financial institutions through which the payment of interest is made or which intervene in the transfer, redemption or reimbursement of securities are obliged to calculate the returns attributable to the securities holder and notify this to both the holder of the security as well as to the relevant tax authorities. The tax authorities must also be notified of those persons taking part in the aforementioned transactions.

Ownership of the Commercial Paper will likewise be subject to Wealth Tax (*Impuesto sobre el Patrimonio*) (the "**WT**") and the Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*) (the "**I&GT**") on the date of accrual of said taxes, by virtue of the provisions set out in current regulations in each case.

This section of the Information Memorandum does not intend to be a comprehensive description of all tax considerations that may be relevant for a decision to acquire the Commercial Paper Notes, nor does it seek to cover the tax consequences applicable to all categories of investors, some of which (e.g. financial institutions, corporate income tax exempt entities, collective investment institutions, superannuation funds, cooperatives, etc.) may be subject to special rules.

Consequently, any prospective investor interested in acquiring the Notes must consult and get advice from its own tax advisors or lawyers who could give such prospective investor personalized advice in view of such investor's specific circumstances.

Likewise, any investors and prospective investors should take into consideration potential changes in legislation or its criteria of interpretation.

21.1. INVESTORS THAT ARE INDIVIDUALS WITH TAX RESIDENCE ON SPANISH TERRITORY

21.1.1. Personal Income Tax (PIT)

The net income obtained by the holders of the Notes that are taxpayers of the PIT because of the transfer, redemption, exchange or reimbursement thereof will be considered as an implicit yield from movable capital and will be included in the PIT taxable savings base for the financial year when the sale, redemption, exchange or reimbursement takes place. PIT will be paid at the rate in force from time to time for taxable savings, which is currently at 19% up to EUR 6,000, 21% from EUR 6,000.01 up to EUR 50,000, 23% from EUR 50,000.01 up to EUR 200,000.00 and 26% from EUR 200,000.01 upwards.

Negative income derived from the transfer of the Notes, in the event that the relevant holder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, will be included in his or her PIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

Generally, income derived from the Notes will be subject to withholding tax on account of PIT (r*etención a cuenta*) at the current rate of 19%. Any withheld amounts may be credited against individuals' final PIT liability.

In accordance with article 93 of PIT Regulations, such income will be calculated by the difference between the redemption, exchange, reimbursement or transfer value and the acquisition or subscription value of the Notes(without deducting expenses).

As regards any income derived from the transfer of the Notes, the financial institution acting on behalf of the transferring party will be obliged to apply any relevant withholding. When the income is obtained from the reimbursement, the issuer or the financial institution responsible for the transaction will be the entity required to apply the relevant withholding.

The transfer or reimbursement of the Notes will require that the relevant prior acquisition as well as the transaction price is evidenced by a public notary or the financial institutions obliged to apply the relevant withholding.

21.1.2. Wealth Tax

Any individual with tax residence in Spain will be subject to Wealth Tax, which imposes a tax on his or her net wealth (that is, property and rights regardless of the place where the assets are located or where the rights may be exercise) in excess of EUR 700,000 held on the last day of any year.

Therefore, any individual with tax residence in Spain whose net worth is above EUR 700,000 and who holds Notes on the last day of any year would be subject to Wealth Tax for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis.

However, those rates may vary depending on the Autonomous Region of residency of the relevant individual investing in the Notes, so any prospective investor must consult and get advice from his or her own tax advisers.

21.1.2. Inheritance and Gift Tax (IGT)

Any individual with tax residence in Spain who acquires ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the IGT in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to each individual). The applicable effective tax rates can range currently between 0% and 81.6% subject to any specific regional rules, depending on relevant factors (such as previous net wealth, family relationship among transferor and transferee or applicable tax laws approved by the relevant Autonomous Region where the relevant individual is resident for tax purposes).

21.2. INVESTORS THAT ARE ENTITIES WITH TAX RESIDENCE IN SPAIN

21.2.1. Corporate Income Tax (CIT)

Income derived from the transfer, redemption, exchange or reimbursement of the Notes will be subject to CIT at the general flat tax rate of 25% in accordance with the rules established for this tax.

Such income will be exempt from withholding tax on account of CIT provided that the Notes (i) are registered by way of book-entries (*anotaciones en cuenta*); and (ii) are traded on a Spanish official secondary market of securities (such as AIAF) or on multilateral trading facility such as MARF.

If this exemption was not applicable, this income would be subject to Spanish withholding tax at the rate currently in force of 19%. Withheld amounts may be credited against entities' final CIT liability. However, no withholding on account of CIT will be imposed on income derived from the redemption or repayment of the Notes provided that the requirements set forth in Law 10/2014 and article 44 of Royal Decree 1065/2007 are met, including that the entities that are members to Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provides the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below. See "*Information about the*

Commercial Paper in connection with Payments."

The transfer or reimbursement of the Notes will require that its prior acquisition as well as the transaction price is evidenced by a public notary or the financial institutions obliged to apply the relevant withholding

.

21.2.2. Wealth Tax

Legal entities are not subject to WT.

21.2.3. Inheritance and Gift Tax

Legal entities do not pay I&GT and will be subject to the CIT Law.

21.3. INVESTORS THAT ARE NOT RESIDENT IN SPAIN

21.3.1. Non-residents Income Tax for investors not resident in Spain acting through a permanent establishment

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those summarized above for Spanish CIT taxpayers. Ownership of the Notes by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

21.3.2. Non-residents Income Tax for investors not resident in Spain not acting through a permanent establishment

Income derived from the transfer, redemption or repayment of the Notes obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from the Non-residents Income Tax and, therefore, no withholding on account of NRIT will be levied on such income provided that the requirements set out in Law 10/2014 and article 44 of Royal Decree 1065/2007 are met, including that, in respect of payments from the Notes carried out by the Issuer, the entities that are members to Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below, as set out in article 44 of the regulations approved by Royal Decree 1065/2007. See "*Information about the Commercial Paper in connection with Payments*."

If the relevant entity that is member to Iberclear fails or for any reason is unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income under the Notes, the Issuer will withhold Spanish withholding tax at the then-applicable rate (the current rate is 19%) on such payment of income on the Notes.

Noteholders not resident in Spain for tax purposes and entitled to exemption from NRIT but where Spanish withholding tax has been applicable in accordance with the procedure described in detail under "*Information about the Commercial Paper in connection with Payments*" would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures that the NRIT Law provides for.

21.3.3. Wealth Tax

Notwithstanding the provisions included in the double tax treaties entered into by Spain, an individual who is not tax resident in Spain whose net worth related to property located, or rights that can be exercised, in Spain is above EUR 700,000 and who holds Notes on the last day of any year would be subject to Wealth Tax for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis. However, an individual who is not tax resident in Spain will be exempt from Wealth Tax in respect of Notes which income is exempt from NRIT.

An individual who is not resident in Spain for tax purposes may apply the rules approved by the Autonomous Region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

21.3.4. Inheritance and Gift Tax

An individual who is not resident in Spain for tax purposes who acquires ownership or other rights over Notes by inheritance, gift or legacy, will be subject to IGT in accordance with the applicable Spanish regional and state rules, unless he or she resides in a country for tax purposes with which Spain has entered into a double tax treaty in relation to IGT. In such case, the provisions of the relevant double tax treaty will apply.

If the provisions of the foregoing paragraph do not apply, such individual will be subject to IGT in accordance with Spanish legislation. As such, any prospective investor who is not resident in Spain for tax purposes must consult and get advice from his or her own tax advisers.

Notwithstanding the foregoing, if the relevant deceased, the heir or the donee is resident in a Member State of the European Union or of the European Economic Area, depending on the specific case, the regulations approved by the relevant Autonomous Region may apply, following specific rules. As such, any prospective investor who is not resident in Spain for tax purposes must consult and get advice from his or her own tax adviser. Likewise, in its decisions dated 19 February, 21 March and 22 March 2018, the Spanish Supreme Court, based on the European right to the Free Movement of Capital, has declared that the application of the regional rules corresponding to the relevant Autonomous Region according to the law must be extended in some circumstances to deceased heirs or donees who are resident outside of the European Union or of the European Economic Area.

Any legal entity with tax residence outside Spain that acquires ownership or other rights over the Notes by inheritance, gift or legacy is not subject to the IGT. Such acquisitions will be subject to NRIT (as summarized above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the holder of the Notes.

21.4. INFORMATION ABOUT THE COMMERCIAL PAPER IN CONNECTION WITH PAYMENTS

As described above, to the extent that the conditions set out in Law 10/2014 and article 44 of Royal Decree 1065/2007 are met, income in respect of the Notes for the benefit of either a holder of the Notes with tax residence outside Spain or of a Spanish CIT taxpayer will not be subject to Spanish withholding tax, provided that the entities that are members to Iberclear that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a "**Payment Statement**"), including the following information:

1. Identification of the Commercial Paper Notes.

2. Total amount of the income paid by the Issuer.

3. Amount of the income corresponding to individuals residents in Spain that are PIT taxpayers.

4. Amount of the income that must be paid on a gross basis.

If the relevant entity member to Iberclear fails or for any reason is unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, at the current rate of 19%. If this were to occur, affected holders of the Notes will receive a refund of the amount withheld, with no need for action on their part, if the relevant member to Iberclear submits a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, holders of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures that the NRIT Law provides for.

21.5. INDIRECT TAXATION IN THE ACQUISITION AND TRANSFER OF THE SECURITIES ISSUED

Irrespective of the nature and residence of the investors holding the Notes, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, in particular exempt from Transfer Tax and Stamp Duty (*Impuesto de Transmisiones y Actos Jurtídicos Documentados*), in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax (*Impuesto sobre el Valor Añadido*), in accordance with Law 37/1992, of 28 December, regulating such tax, and article 314 of Royal Legislative Decree 4/2015, of 23 October, which approves the recast text of the Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*).

22. PUBLICATION OF THE INFORMATION MEMORANDUM

This Information Memorandum will be published on the MARF's website: http://www.bmerf.es.

23. DESCRIPTION OF THE PLACEMENT SYSTEM AND, IF APPLICABLE, SUBSCRIPTION OF EACH ISSUE

23.1. Placement by the Dealers

The Dealers may act as intermediaries in the placement of the Commercial Paper, without prejudice to each Dealer being able to subscribe the Commercial Paper in its own name.

For these purposes, the Dealers may request the Issuer in any Business Day, between 10:00 a.m. CET and 2:00 p.m. CET, volume quotations and nominal interest rates for potential issues of the Notes in order to carry out the relevant book building process among qualified investors (including eligible counterparties and professional clients). In addition, the Issuer may request to the Dealer in any Business Day, between 10:00 a.m. and 2:00 p.m. CET, proposals of volume quotations and interest rates for any potential issuances of the Notes.

The amount, nominal interest rate, issue date, disbursement date, maturity date, as well as the rest of the terms of each issuance of Notes will be agreed between the Issuer and the Dealer or Dealers involved in each specific issuance of Notes. Such terms will be confirmed by means of the delivery of a document which includes the conditions of the issue, to be sent by the Issuer to the relevant Dealers and Paying Agent.

If the Commercial Paper are originally subscribed by the Dealer or Dealers for its subsequent transfer to the final investors, the price will be the one freely agreed by the interested parties, which may not be the same as the issue price (that is, the effective amount).

The interest to which each Dealer transfers the relevant Notes to final investors will be the same as those agreed by the Dealer and the Issuer, and there can be no difference between the listing price of the Commercial Paper, that is, the interest rate that the Issuer is willing to satisfy and has notified to the Dealers, and the interest rate to which the Managers place such Notes to the investors.

23.2. Issue and subscription of the Commercial Paper directly by investors

Additionally, it is also possible that final investors having the status of qualified investors, eligible counterparties and/or professional clients subscribe the Notes directly from the Issuer, provided that any such investor complies with all current legal requirements..

In such cases, the amount, interest rate, issue date, disbursement date, maturity date, as well as the rest of the terms of each will shall be agreed between the Issuer and the relevant final investors in relation to each particular issuance of Notes.

24. COSTS FOR LEGAL, FINANCIAL AND AUDITING SERVICES, AND OTHER SERVICES PROVIDED TO THE ISSUER REGARDING THE ADMISSION (*INCORPORACIÓN*) TO TRADING

The costs for all legal and financial services, and other services provided to the Issuer for the admission (*incorporación*) to trading of the Commercial Paper amount to approximately one hundred and fifty-five thousand euros (€155.000), excluding taxes but including the fees of MARF and Iberclear.

25. ADMISSION TO TRADING (*INCORPORACIÓN*) OF THE SECURITIES

25.1. Deadline for the admission (*incorporación*) to trading

The admission (*incorporación*) to trading of the Commercial Paper Notes described in this Information Memorandum will be requested for the Spanish multilateral trading facility known as the Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*, abbreviated in Spanish as MARF)

The Issuer hereby undertakes to carry out all the necessary actions so that the Commercial Paper is listed on MARF within seven (7) days from the date of issuance of the securities.

For these purposes, as stated above, **the date of issuance will coincide with the date of disbursement** for each particular issuance of Commercial Paper under the Programme.

Under no circumstances will the deadline exceed the maturity of the Commercial Paper. In the event of breach of the aforementioned deadline, the reasons for the delay will be notified to MARF as "*otra información relevante*". This is without prejudice to any possible contractual liability that may be incurred by the Issuer. The date of incorporation of the Commercial Paper must be, in any event, a date falling within the validity period of the Programme and under no circumstances will the listing period exceed the maturity date of the Commercial Paper.

MARF has the legal structure of a multilateral trading facility (MTF) (*sistema multilateral de negociación*, abbreviated as *SMN*), under the terms set out in the Royal Decree-Law 21/2017, of 29 of December, on urgent measures for the adaptation of Spanish law in accordance with European Union regulation in relation to the securities market, constituting an unofficial alternative market for the trading of fixed-income securities.

This Information Memorandum is the one required in Circular 2/2018 of MARF, on admission (*incorporación*) and removal of securities on the Alternative Fixed-Income Market.

Neither MARF nor any of the Dealers or the Legal Advisor have approved or carried out any verification or testing regarding the content of the Information Memorandum, the audited financial statements and other financial information submitted by the Issuer. The intervention of MARF does not represent a statement or recognition of the full, comprehensible and consistent nature of the information set out in the documentation provided by the Issuer.

It is recommended that any prospective investor fully and carefully reads this Information Memorandum and obtains financial, legal and tax advice from experts in the procurement of these financial assets prior to making any investment decision regarding the Commercial Paper Notes as securities.

The Issuer hereby expressly declares that it is aware of the requirements and conditions necessary for the acceptance, permanence and removal of the securities on MARF, according to current legislation and the requirements of its governing body, and expressly agrees to comply with them.

The Issuer hereby expressly declares that it is aware of the requirements for registration and settlement on

Iberclear. The settlement of transactions will be performed through Iberclear.

25.2. Publication of the admission (*incorporación*) to trading

The admission (*incorporación*) to trading will be published on the website of MARF (http://www.bmerf.es).

26. LIQUIDITY AGREEMENT

The Issuer has not entered into any liquidity undertaking or agreement with any entity regarding the Commercial Paper Notes to be issued under the Programme.

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In Donostia-San Sebastián, November 16, 2021.

As the person responsible for this Information Memorandum:

Mr. Meinrad Spenger

p.p.

CHIEF EXECUTIVE OFFICER

MASMOVIL IBERCOM, S.A.U.

ISSUER

MASMOVIL IBERCOM, S.A.U.

Parque Empresarial Zuatzu, 2
Edificio Easo, 2ª Planta, nº 8,
Donostia-San Sebastián
(Guipúzcoa)

DEALERS

Banco de Sabadell, S.A.
Avda. Óscar Esplá, 37. 03007 Alicante

Banco Santander, S.A.
Paseo de Pereda, 9-12, 39004 Santander

CaixaBank, S.A.
Calle Pintor Sorolla, 2-4 46002 Valencia

Banco Bilbao Vizcaya Argentaria, S.A.
Plaza San Nicolás 4, 48005 Bilbao

Banca March, S.A.
Av. Alejandro Rosselló, 8, 07002 Palma de Mallorca

PAYING AGENT

Banco de Sabadell, S.A.
Avda. Óscar Esplá, 37
03007 Alicante

LEGAL ADVISOR

Evergreen Legal, S.L.P.
Paseo del General Martínez Campos 15,
28010 Madrid

REGISTERED ADIVOSR

Banco de Sabadell, S.A.
Avda. Óscar Esplá, 37
03007 Alicante

SCHEDULE 1

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

PART 1

CONSOLIDATED FINANCIAL STATEMENTS OF LORCA JVCO FOR THE PERIOD FROM 4 MARCH 2020 TO 31 DECEMBER 2020

https://www.grupomasmovil.com/wp-content/uploads/2016/06/2021-05-24-JVCo-Consolidated.pdf

PART 2

CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2019

https://www.grupomasmovil.com/wp-content/uploads/2016/06/CCAACC-Masm%C3%B3vil-2019-English.pdf

SCHEDULE 2

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDING ON 30 JUNE 2020

https://www.grupomasmovil.com/wp-content/uploads/2016/06/EEFFII-Conso-H1-2020-ENG-CNMV.pdf

SCHEDULE 3

INDIVIDUAL FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2020

https://www.bmerf.es/docs/IFinanc/MARF/2021/MMI_sin_hoja_Firmas.pdf